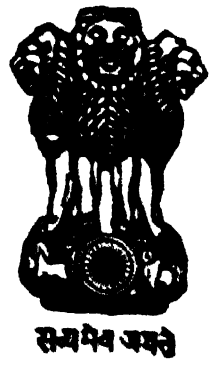
E.C. No. 31.

ESTIMATES COMMITTEE

THIRTY-FIFTH REPORT
1956-57

ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FIRST REPORT OF THE ESTIMATES COMMITTEE



LOK SABHA SECRETARIAT
NEW DELHI
December, 1956

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MEMBERS OF THE ESTIMATES COMMITTEE, 1956-57

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3. Shrimati B. Khongmen
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SECRETARIAT

Shri S. L. Shakdher—*Joint Secretary.*
Shri A. R. Shirali—*Deputy Secretary.*
Shri C. S. Swaminathan—*Under Secretary.*

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*Resigned on 20th November, 1956.
†Died on 6th October, 1956.

INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this Thirty-Fifth Report, on the action taken by the Government on the recommendations contained in the First Report of the Committee.

2. The First Report of the Estimates Committee was presented to the House on the 21st December, 1950. The Government laid a statement on the Table of the House showing progress made in regard to the recommendations contained in that Report on the 8th June, 1951. The Government further laid a statement on the Table showing further progress of action on that Report on the 18th September, 1951. These statements were considered by the Sub-Committee of the Estimates Committee, 1955-56, during their sitting on the 16th October 1955.

The main Committee considered the views of the Sub-Committee on the replies by the Government on the 28th November, 1955, and the 8th December, 1955. The views of the Committee have been communicated to Government. Further replies received from Government have also been included in this report.

3. In order to keep the Lok Sabha informed of the progress of action taken by the Government on the recommendations of the Estimates Committee and of the views of the Committee on the replies of the Government, the Speaker issued a direction to the Committee on 18th May, 1956, requiring statements of replies to be laid by the Committee on the Table of the Lok Sabha. This Report is accordingly presented.

4. The Report has been divided into four Chapters:

I. Report.

II. Recommendations that have been accepted by the Government.

III. Replies of the Government that have been accepted by the Committee.

IV. Replies of the Government that have not been finally accepted by the Committee and are being pursued.

BALVANTRAY G. MEHTA,
Chairman,
Estimates Committee.

NEW DELHI;
The 1st December, 1956.

CHAPTER I

REPORT

In para 4 of the First Report, the Estimates Committee had recommended that a Committee consisting of the Budget Officer of the Government of India, a representative of the Comptroller and Auditor General and a member of the Estimates Committee be constituted to examine and to report to the Estimates Committee the improvements that could be made in the existing system of the presentation of the Budget to the Parliament. Accordingly a Sub-Committee under the Chairmanship of Shri Mahavir Tyagi was appointed by Government and it recommended certain reforms in the matter. The recommendations were considered by Government and some of them were accepted. A copy of the Report and a copy of the Ministry of Finance letter No. 1204-B-11/51, dated the 31st January, 1951, setting out the action taken on the recommendations of the Sub-Committee are given at Appendix I. Since then the question of further budgetary reform has been repeatedly raised during the debates in the Lok Sabha. The subject has also been taken up for detailed examination by a Sub-Committee of the Estimates Committee of the current year.

2. In paras 8 to 11 of the Report, the Committee had recommended the reduction of certain staff in the late Ministry of Industry and Supply. While the Government expressed inability to implement the recommendations directly, action appears to have been taken to assess the staff requirements on an objective basis. Also, several changes in the set-up of the Central Secretariat have taken place since then and therefore the Committee do not desire to press the recommendation. The matter of reorganisation of work in order to ensure efficient use of officers and staff has also been examined in the Ninth Report of the Estimates Committee.

3. In para 37 of their Report, the Estimates Committee had recommended that an enquiry should be made in the matter of purchase of 2,000 jeeps from a British firm named Anti Mistant Ltd. enquiring *inter alia* whether the terms of the contract had been carefully vetted, whether the antecedents of the firm had been properly investigated, etc. Government have stated in reply that as the matter had been discussed in detail in Parliament, they did not feel that any further action was necessary on the recommendations. As the matter has been under the consideration of the Public Accounts Committee, the same is not being pursued by the Estimates Committee.

4. In para 56 (a)(i), the Committee had recommended that a searching enquiry should be made and responsibility fixed for the negligence of the authorities concerned in the Ministries of Industry and Supply and Defence for inadequate storage arrangements and also for selling disposal stores at rates lower than those prevailing in the market. Government have stated that as the bulk of the disposal work was over, no useful purpose would be served by setting up a Committee to go into the arrangements made in the past at a time when the conditions were abnormal. It has also been stated in a further reply that better storage arrangements have since been made. The Committee are glad to note this development but with regard to enquiry for losses in the past, the Committee feel that although the matter relates to

the past, as it has resulted in a huge loss to the exchequer, an enquiry, though not necessarily by a Committee of Enquiry, should be conducted into the matter.

5. In para 77 of the Report, the Committee had recommended that a Committee should immediately be constituted by Government to go into the whole matter of planning and cost of Sindri Fertilisers with a view to fixing responsibility for delays, extra expenditure and laxity in supervision and control of prices and to suggest remedies for future. Gevernment stated in reply that no useful purpose will be served by appointing a Committee of Enquiry or attempting to fix the responsibility in respect of what had happened in the past. At the same time they have stated that steps have been taken to tighten the control over the execution and administration of the factory and they also hope to gain by the experience acquired in the past years. As the matter has been further examined in detail by the Committee in the Thirteenth Report the Committee do not wish to offer their comments at this stage and will revert to the subject later. As for keeping Parliament apprised of the excesses over estimates, the Committee do not consider it necessary to press their earlier recommendations, since Parliament will now be kept informed of them and also of the irregularities in the accounts of the Sindri Fertilizers Ltd. by the Comptroller and Auditor General through his Audit Reports.

6. The Committee do not wish to offer their comments at this stage on the replies to recommendations contained in paras. 85 to 103, as they have examined these organisations in detail subsequently and made their recommendations in subsequent Reports. They would therefore reserve their comments to a later occasion.

7. Further comments of the Committee on the replies of Government to recommendations which the Committee would desire to pursue have been shown in Chapter IV.

CHAPTER—II

Recommendations that have been accepted by the Government

*Serial No.	Reference to para. No. of the Report	Summary of Recommendations	Reply of the Government
1	2	3	4
12	21	The office of the Director of Industrial Statistics should be reduced to the size of a small directorate and placed under the Director General, Industry and Supply. (Reduction 50%).	Please see remarks against S. Nos. 17—19 (Chapter III) (*Statement laid on the Table on the 8th June, 1951.*) With the merger of the Ministries of Commerce and Industry, there are three organisations responsible for the collection of statistics, namely, the Director General, Commercial Intelligence and Statistics at Calcutta, the Director of Industrial Statistics at Simla and the Economic Adviser a Delhi. While there is n duplication either in the collection of statistics or in its publicati n by any of these three units of the Ministry, a certain amount of rationalisation in their work might be possible. This is now under examination and it is hoped to reach a decision before the end of September, 1951.

*Note :—Sl. No. indicates the Sl. No. of the recommendations as given in the Appendix to the First Report.

1	2	3

(*Statement laid on the Table on the 18th September, 1951.*)

As a preliminary to the final merger of the Offices of Director General of Commercial Intelligence and Statistics and Director of Industrial Statistics, a common Head of the Department has been appointed for both these offices. Further details of the merger including the future of the Statistical portion of the office of the Economic Adviser are under consideration in consultation with Prof. Mahalanobis. It may be added that since the year 1953-54 there is only one common budget for both the offices of D.G.C.I. & S. and D.I.S.

(*Ministry of Finance—D.O. No.* 1-EC/53 dated *9th January*, 1953.)

As already stated, both the offices *viz*, Director General of Commercial Intelligence and Statistics and Director of Industrial Statistics have been combined with effect from the current financial year. Selection is made from amongst the officers serving in both the wings of the organisation for promotion to gazetted ranks. It is only in non-gazetted establishments that a complete merger has not yet ta en place and separate seniority lists are maintained. On the whole the two offices may be deemed to have merged to the extent of 80% and the process could not be finalised, owing to further reorganisation, which is under consideration, and pending receipt of the inspection report on the office of the Director General, Commercial Intelligence and Statistics by the Economy Unit. It has been decided in public interest not to move the statistical portion of the office of the Economic Adviser to the Government of India from New Delhi to Calcutta.

(*Ministry of C. & I.O.M. No. 23-Coord. (45)/50 dated the 2nd March, 1954.*)

The Offices of the Director General of Commercial Intelligence and Statistics and Director of Industrial Statistics have not yet been completely amalgamated.

The Directorate of Industrial Statistics is responsible for the publication of the Census of Indian Manufactures. This Census is conducted annually under the Industrial Statistics Act, 1942, and covers 29 out of the 63 industries included in the Schedule to the Industries (Development and Regulation) Act, 1951.

At present the necessary statistics for the Census are collected by the States and furnished to the Director of Industrial Statistics for compilation and publication. The arrangement under which the Returns for the Industrial Census are obtained through the Statistics Authorities of the State Governments has, however, not proved satisfactory and this has accounted for the delay in publication. It has accordingly been decided to replace the present Census by an annual Census of factories registered under the Industries (Development and Regulation) Act, 1951 to be conducted by the Central Government under the Collection of Statistics Act, 1953. This will entail setting up of Regional Offices under the Central supervision at different places in India, and consequently would throw additional work on the Directorate of Industrial Statistics. The scheme when implemented would create a situation which will have a vital bearing on the question of amalgamation of the two offices of the D.G.C.I. & S. and of the Director of Industrial Statistics. According to the present indications, the finalisation of the scheme for collection of Industrial Statistics under the Collection of Statistics Act, 1953 will take few months more and it has, therefore,

1	2	3	4
			been decided to defer a decision on the complete merger of the two offices for some time more so that whatever decision may be arrived at may be a practical one. The statistical portion of the office of the Economic Adviser is mainly concerned with the compilation of weekly wholesale price index numbers. These statistics are essential to the day to day working of the Ministry. It will therefore, make for the expeditious disposal of office work if the Statistical portion is retained at Headquarters of the Government of India. (*Ministry of Commerce and Industry O.M. No. Pt. 23-Coord(45)/50/A/B & A dated the 30th January, 1956.*) The question of the amalgamation of the Department of Commercial Intelligence and Statistics and the Directorate of Industrial Statistics has been kept in abeyance till the ' Collection of Statistics Act, 1953 ' comes into force. As such the question of economy resulting from the merger of the two offices does not arise at this stage. (*Ministry of Commerce and Industry O.M.No. Pt.23-Coord(45)/50/A/B & A dated the 28th March, 1956.*)
19	34	The possibility of appointing persons with business experience as Trade Commissioners should be explored and a suitable cadre formed for the recruitment of such personnel.	Please see remarks of the Government on S. No. 50 of the recommendations in the Third Report, namely,— "The Indian Foreign Service is designed to include a sufficient number of the type of officers recommended by the Estimates Committee".

22	37	Model contracts should be drawn up and whenever any variations are to be made, they must be made with the prior approval of the legal and other technical experts.
23	56(*b*)	After the surpluses on hand have been liquidated, the surpluses to be declared in future by the remaining Ministries of the Government of India should be handed over for disposal to the

(*Statement laid on the Table on the 18th September, 1951.*)

As regards the form of contracts, it may be stated that all contracts are placed in standard form and no deviations are made from it without the specific concurrence of the legal and financial advisers of the Purchase organisation. The position in London is being examined by the Finance Secretary.

(*Statement laid on the Table on the 8th June, 1951.*)

The contracts executed by the Purchasing Organisations are placed on standard forms evolved over years of experience. No deviations are made from them without the specific concurrence of the legal and financial advisers of the Purchase Organisations. These conditions are revised in consultation with the legal and financial authorities, as necessary from time to time in the light of experience gained in their working, and observations of various authorities such as Finance, Law, Audit etc. The Stores Purchase Committee (India) have made certain recommendations in regard to the general conditions of contract of the Directorate General of Supplies and Disposals and these are under consideration.

(*Ministry of W.H. & S. O. M. No. Budget-5(20)/55 dated the 14th February, 1956.*)

The Purchase and Disposal organisations have now been combined and the procedure recommended by the Committee is being followed.

(*Statement laid on the Table on the 8th June, 1951.*)

1	2	3
		proposed State Purchase Organisation and until such a Corporation is established, all future surpluses should be disposed of through the Purchase Wing of the Industry and Supply Ministry without employing any extra staff.
	d(*i*)	Action should be taken immediately for the disposal of iron and steel material worth about Rs. 8 crores which is at present locked up unnecessarily with the Iron and Steel Controller.
	(*d*)(*iii*)	Medical stores should be distributed in order of priority to displaced persons, Defence Forces,

The question of integration of Disposal Directorate with the Supplies Directorate was considered by the Stores Purhase Committee whose report has been published.

(*Ministry of W.H. & S. O.M. No. B-5(11)/54 dated the 30th December*, 1954.)

The bulk of the material which cannot be liquidated through the Iron and Steel Controller has been handed over to the Director General, Supply and Disposal and is being disposed of by auction. In view of the acute shortage of steel attempts are being made to release them to priority users as far as possible. ∞

(*Statement laid on the Table on the 8th June*, 1951.)

The outstanding surpluses have already been disposed of.

(*Ministry of W.H. & S. O.M. No.* B-5(11)/54 *dated the 30th December* 1954.)

The question of changing the order of priority in respect of medical stores is being considered by the Disposals Board.

State Hospitals and Charitable Institutions.

(*e*)(*i*) The sale of " Curtis Commandos" should not be linked up with the purchase of new aircraft of these or other types. These aircraft must be utilised either by Government or by private agencies locally. The Hindustan Aircraft Factory should be consulted immediately to find out how far these aircraft could be repaired or overhauled and put in order. If the Hindustan Aircraft Factory are not in a position to advise, the possibility of bringing an expert from the U.S.A. to report on their suitability should be considered.

(*Statement laid on the Table on the 8th June*, 1951.)

Accepted.

(*Statement laid on the Table on the 18th September*, 1951.)

There are no medical stores awaiting disposal.

(*Ministry of W.H. & S. O.M. No. B-5(11)/54 dated the 30th December*, 1954.)

The tentative arrangement previously made to sell the " Curtis Commandos" has already been cancelled. As recommended by the Committee, an expert was brought out from the U.S.A. to report on the suitability of this aircraft. On the basis of this report, offers are being invited for the sale of the aircraft on different alternate basis to secure the best results to Government.

(*Statement laid on the Table on the 8th June*, 1951.)

On the basis of the report furnished by an Expert who was brought from U.S.A. the global tenders were invited in 1951. The sale was effected in favour of the highest tenderer, M/S Banwari Lal and Co., for Rs. 61,52,500. The firm committed breach of contract in not depositing the sale value by the stipulated date and the sale was cancelled in 1952. The stores were readvertised in June, 1952 on global basis. After careful scrutiny of quotations received, it was decided to resell these aircraft to M/S Banwari Lal and Co. at negotiated price of Rs. 59 lakhs. An Agreement for sale was entered into in October, 1952. The firm has paid for and removed 90% of the spares. Of the 70 aircraft 12 have been paid for.

(*Ministry of W.H. & S. O.M. No. B-5(11)/54 dated the 30th December*, 1954.)

1	2	3

The sale of " Curtis Commandos" was arranged by the D.G.S.D., Ministry of Works, Housing and Supply and the present position as intimated by that Ministry is that, as already stated in column 4 of the statement showing the progress of action taken on the recommendation of the first report of the Estimates Committee, all the 70 Curtis Commando aircraft and their spares were sold for Rs. 59 lakhs to M/S. Banwari Lal and Co. Ltd. An agreement for this was entered into in October, 1952 and a supplementary agreement dated the 15th September, 1953 was also entered into with this firm. According to this supplementary agreemen the firm could take delivery and remove the aircraft after the payment of Rs. 50,000/- each without prejudice to their right to take delivery of all the aircraft after making payment of the full amount of the contract. The firm has thus been taking delivery of the aircraft after making payment at the rate of Rs. 50,000/- for one aircraft. So far 38 aircraft have been paid for and released in favour of M/S. Banwari Lal & Co. Ltd. The firm, as already stated, has paid the full value of the spare parts and exported 90% of them to U.S.A. The remaining 10% are held in the custody of the Government and will be released only when these are no longer required for the repair of the aircraft still to be paid for by the Company.

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So far M/S. Banwari Lal & Co. have made the following payments to Government on account of sale of the Curtis Commando Aircraft and spares:

Payment received for spare parts	Rs. 32,75,437-6-8
Sale price of 38 aircrafts	Rs. 19,00,000-0-0

Security deposit with the Govt. which is to be adjusted against the sale price	Rs. 6,57,625-0-0
TOTAL ...	Rs. 58,33,062-6-8

(*Ministry of Defence O.M. No.* 6(1)/55/115/IS/D(*Budget*) *dated the* 16*th January*, 1956.)

All the 70 Curtis Commando aircraft and the spare parts were sold for Rs. 59 lakhs to M/S. Banwari Lal & Co. Ltd. An agreement for this sale was entered into in October, 1952 and a supplementary agreement dated 15th September, 1953 was also entered into with this firm. According to this supplementary agreement, the firm could take delivery and remove the aircraft individually after the payment of Rs. 50,000/- per aircraft, without prejudice to their right to take delivery of all the aircraft after making a payment of the full amount of the contract The firm has thus been taking delivery of the aircraft after making a payment at the rate of Rs. 50,000/- for each aircraft. So far, 39 aircraft have been paid for and released in favour of M/S. Banwari Lal and Co. Ltd. in the above manner. The firm has paid the full value of the spare parts (Rs. 32,75,437-6-8) and exported 90% of them to U.S.A. The remaining 10% are held in the custody of the Government and will be released only when these are no longer required for the repair of the aircraft not yet released.

M/S. Banwari Lal & Co. Ltd. have since completed payment of the sale of value of all the Curtis Commando aircraft also.

(*Ministry of W.H. & S. O.M. No. Budget*-5(20)/55 *dated the* 14*th February*, 1956.)

1	2	3	4
	(e)(*iii*)	The aircraft spared from American surpluses should be handed over immediately to the Hindustan Aircraft Factory and the arrangement with the Tatas terminated forthwith.	The arrangement with Tatas has been terminated with effect from 30th November, 1950 and the aircraft are now in the custody of Director General of Supply and Disposals. Dakotas are being looked after by Hindustan Aircraft on his behalf. (*Statement laid on the Table on the 8th June,1951*). At present there is no unsold Aircraft available from the War Surpluses and the aircrafts which were sent for custody and maintenance to Hindustan Aircraft have been allocated to the Ministry of Defence and are being used by them. (*Ministry of W.H. & S. O.M. No. B-5(20)/55 dated the 23rd August* 1956.)
	(*g*)	Consequent on the decreasing activities of the Disposals Organisation the establishment position should be reviewed by the Disposals Board. As a first step the Disposals Organisation should be merged with the Industry and Supply Wing of the Ministry.	The establishment of the Disposals Organisation has been gradually reduced, as will be seen from the following figures:— 1-8-1948 . . . . . 8,900 1-3-1949 . . . . . 6,800 1-3-1950 . . . . . 5,200 1-3-1951 . . . . . 2,800 1-6-1951 . . . . . 1,500 28-2-1952 . . . . . 1,164 28-2-1953 . . . . . 982 1-9-1954 839

The Disposals Organisation has already been merged with the Supply Wing of the Ministry of Works, Housing and Supply.

(*Statement laid on the Table on the 8th June*, 1951 *and Ministry of W.H.S. O.M. No. B-5(II)/54 dated the the 30th December*, 1954.)

Strength of the Supply Wing of the Directorate General of Supplies and Disposals (including Regional Offices).

Date	*Strength*
1-3-1948	3,972
1-3-1949	4,205
1-3-1950	4,003
1-3-1951	3,533
1-3-1952	3,385
1-3-1953	3,322
1-9-1954	3,472
29-2-1956	3,864

Strength of the Disposals Wing of the D.G.S. & D. (including Offices).

29-2-1956	826

(*Ministry of W.H. & S. O.M. No. Budget-5(20)/55 dated 10th May*, 1956.)

(*h*) Whenever a Committee is appointed to report on a certain matter it should be properly constituted and its terms of reference properly specified. Government should ensure that the recommendations of such a Committee are

The observations of the Committee have been noted and will be taken into account in future.

(*Statement laid on the Table on the 8th June* 1951.)

1	2	3
		properly considered by the Ministry or Ministries concerned and not rejected on the plea that it was not an expert body.
25	66	Before placing further orders for the Machine Tool Factory or the Aircraft Reconditioning Factory it should be ensured that no machinery of possible use in these factories is available from the Reparations or the Disposals.
27	68	With 50 per cent of reparations stocks in hand already disposed of, it is thought that it should be possible to effect 50 per cent reduction in the establishment. The balance of the Staff should be merged in one of the regional offices recommended in the revised set up of the office of Director General, Industry and Supply.

This is already being followed and no machinery will be purchased if it is available either with Disposals or with the Reparations stock.

(*Statement laid on the Table on the 8th June*, 1951.)

The Staff is being progressively reduced as will be seen from the figures given in Appendix II. The reparations staff has been merged with the Calcutta office of the D.G. Supply and Disposals as recommended by the Committee.

(*Statement laid on the Table on the 8th June*, 1951.)

The present position of the staff for Reparations work in the Directorate of Supplies and Disposals, Calcutta, is as follows:—

Gazetted	1
Non-gazetted	21

		Class IV	17
			39

(*Ministry of W.H. & S. O. M. No. B-5(11)/54 dated the 30th December*, 1954.)

43	106	The Enforcement Directorate should be closed down immediately and its work entrusted to the Police authorities or to the Intelligence Bureau of the Ministry of Home Affairs. The results achieved by this Directorate are not commensurate with the large amount of Rs. 7 lakhs spent over such a big organisation.	In pursuance of this recommendation, a tentative decision had been taken to abolish the Enforcement Directorate and no provision for the expenditure has been made in the current year's budget. The matter has, however, since been reconsidered by the Cabinet and it has been decided that the Directorate should be continued. (*Statement laid on the Table on the 8th June*, 1951.)

The work of the Enforcement Directorate which was previously done in the Ministry of Commerce and Industry is now being dealt with by the Delhi Special Police Establishment. The expenditure incurred on that unit during the last three years *i.e.* from the date of its creation to the end of the financial year 1955-56 is as under:

	Rs.
1953-54	25,070
1954-55	1,46,000
1955-56	1,62,000

(*Ministry of Home Affairs O.M. No. 12/1/56-Ests(A) Dated the 19th September*, 1956)

1	2	3
44	107	Urgent steps should be taken by Government to centralise allied subjects under one Ministry. Distribution of work should be made on some rational basis among the various Ministries and Departments within Ministry and overlapping should be avoided.
48	111	Scientists, Technicians, Research Scholars and the like should be employed on their technical duties only and not appointed to administrative posts.
49	112	Government should devise proper machinery whereby re-absorption

Accepted. The three old Ministries of Industry and Supply, Commerce & Works, Mines and Power, and the Department of Scientific Research have now been re-organised. Please also see remarks against Serial No. 1 of the Second Report*. (*Statement laid on the Table on the 8th June*, 1951.)

A note on the subject is attached (Appendix III)

(*Ministry of Home Affairs O.M. No.* 12/1/56—*Ests(A) dated the 19th September*, 1956)

The recommendation has been noted and has been brought to the notice of the Establishment Officer. It will be borne in mind when making selections for appointment to administrative posts under the Central Government.
(*Statement laid on the Table on the 8th June*, 1951.)

The Establishment Officer has intimated that there are no technical people in non-technical posts except that there is a scientist who is Secretary of the Atomic Emergy Department. This Department is, however, essentially a Scientific Department.

(*Ministry of Home Affairs O.M. No.* 12/1/56—*Ests(A) dated the 19th September*, 1956.)

The observations of the Estimates Committee have been noted. In fact, it has already been decided that a Central Agency should

16

of retrenched personnel is effectively ensured.

be set up which should function under the direction of the Ministry of Home Affairs to coordinate retrenchment on the one hand, and fresh appointments, on the other. This agency has, however, not been set up yet pending a decision as to the extent of the proposed retrenchment. As soon as the magnitude of the retrenchment is known, the details regarding the proposed Central Agency will be considered further.

For the present, however, orders are in force that, all vacancies other than those filled in consultation with the UPSC should be referred in the first instance to the Employment Exchanges and that outsiders should not be appointed unless the nominees of the Employment Exchanges are found to be definitely unsuitable.

In the case of a vacancy for which recruitment is normally required to be made through the U.P.S.C., it should be notified to the Ministry of Home Affairs (Displaced Government Servants' Section) and to the Director General, Resettlement and Employment, together with the names of suitable surplus Central Government offcers if any, within the knowledge of the Ministry concerned. If the Ministry of Home Afiairs and/or the Directorate General, Resettlement and Employment have any candidate or candidates to recommend, such candidate or candidates along with the candidates recommended by the

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* Remarks against Serial No. 1 of the Second Report :—

The principle underlying the recommendation is accepted and with this and in view the Department of Scientific Research and the Ministries of Agriculture, Food, W. M. & P., Commerce and the Industry and Supply have been regrouped and reconstituted as under :—

(1) Ministry of Natural Resources and Scientific Research.
(2) Ministry of Commerce and Industry .
(3) Ministry of Food and Agriculture.
(4) Ministry of Works, Production and Supply.

The question of rationalisation of work in other Ministries under review by the Reorganisation Wing of the Ministry of Home Affairs.

2 3

Ministry concerned will be reported as available for the appointment to the post to the UPSC who will thereupon consider if any of the candidates is suitable for the post in question. If the Commission do not find any of those candidates suitable for appointment, the fact will be intimated to the Ministry concerned who will then proceed to advertise the vacancies in the usual manner.

The Employment Exchange have also instructions to accord high priority to the surplus/retrenched personnel of Govt. of India. These orders ensure that surplus/retrenched personnel do actually get priority in filling vacancies wherever they may exist under the Government of India.

(*Statement laid on the Table on the 8th June*, 1951.)

CHAPTER III

Replies of the Government that have been accepted by the Committee

S. No.*	Ref. to para No. of the Report	Summary of recommendations	Reply of the Government
1	2	3	4
5	8	(i) One post of Joint Secretary (lying vacant) should be abolished and the work in the Ministry should be divided into two compact divisions between the Secretary and the Joint Secretary. (ii) Two posts of Deputy Secretary and four posts of Under Secretary should be reduced by a proper division of work.	*Sl. Nos.* 5-9 It was at first the intention of Govt. that a drastic percentage cut should be prescribed and applied uniformly to all Ministries in the Assistant's grade, with consequential reductions in the higher grades. An examination showed, however, that the volume and nature of work differ from Ministry to Ministry and hence it was not practicable to apply a uniform percentage cut. At the same time it was not possible to dispense with a substantial basis of uniformity in carrying out reductions since *adhoc* reductions made in one or two Ministries without reference to a general basis on which staff is allowed to other Ministries will not lead to any appreciable and lasting results. The Govt. have, therefore, decided to conduct a critical review of the existing standards of work obtaining in the Secretariat, which will provide a revised basis for the assessment of the strength of the various Ministries. The actual staff required for a Ministry will be fixed after an
6	9	The scale of work of Assistants should be on the basis of 15 receipts (5 important and 10 ordinary) per day.	

Note :—S. No. indicates the Sl. No. of the recommendations as given in the Appendix to the First Report.

1	2	3
7	10	There should be one Superintendent for 10 Assistants and 5 clerks.
8	11	Decentralisation of responsibility should be enforced and Superintendents should be authorised to take final responsibility in some matters.
9	12	(i) The number of Personal Assistants and Stenographers should be reduced and a pool of Stenographers formed for junior Officers. (ii) The number of Class IV servants should be reduced progressively by 50 percent.

objective examination has been made by specially qualified senior officers. It is hoped that this method will secure maximum economy in staff consistent with the requirements of the present situation.

It may be mentioned in this connection that, apart from the question of adopting a revised basis for the consideration set forth above, it is also to be taken into account that with the advent of democracy there has been not only considerable expansion of work in the Secretariat but new types of work have now also to be handled. Further, large number of reports and frequent comments have to be furnished to the Parliament and its various Committees. Officers and staff have to devote considerable amount of their time and attention to official and non-official work designed to secure greater coordination with the views of the various interests involved. Officers have also to devote a considerable amount of their time in attending a large number of meetings of the various Committees.

The Govt. intend to institute this examination as soon as possible.

(*Statement laid on the Table on the* 8*th June,* 1951.)

In the last statement it was stated that the Government intended to institute an objective examination of the strength of the various Ministries. This examination has been started.

(*Statement laid on the Table on the* 18*th September,* 1951.)

A team of officers was set up to carry out an objective examination of the staff requirements of various Ministries. This team has so far examined the Ministry of Food & Agriculture and

10	15	Tours of the Secretariat Officers and staff should be curtailed and expenditure on T.A. reduced by 50 per cent.

the Ministry of Irrigation and Power and their attached and subordinate offices scattered all over India. Their recommendations envisage certain organisational changes and reduction in staff. These recommendations are being actively progressed with the Ministries concerned.

(*Ministry of Finance D.O. No.* 1-*EC*/53 *dated the* 9*th January,* 1953)

Please see remarks against S. No. 46 of the Report.

(*Statement laid on the Table on the* 8*th June,* 1951.)

The Ministry have issued revised orders regarding travelling allowances resulting in some economy in expenditure to Government. Under these orders the allowances for incidental expenses for Government servants of 1st, 2nd and 3rd grades in respect of rail journeys on tour are now calculated at the flat rates of 12 pies, 8 pies and 4 pies per mile respectively and at four times these rates for journeys on transfer instead of the half incidental fares previously admissible in respect of rail journeys on tour and transfer respectively, the charges for 1st, 2nd and Interclass fares being 27 pies, 16 pies and 9 pies per mile.

(*Ministry of Finance O. M. No.* 8118-*EGI*/54 *dt. the* 18*th Dec.* 1954.)

The question of determining the category of officers of the First Grade who may be permitted to travel by Air Conditioned Coach Accommodation on payment of 3 pies per mile was carefully considered when the revision of entitlement to railway accommodation consequent on the reclassification of that accommodation with effect from the 1st April, 1955 was discussed.

1	2	3

Prior to 1st April, 1955, all officers of the First Grade *viz.*, those drawing Rs. 751/- per month and more and all officers in Class I services irrespective of their pay were entitled to travel by Air Conditioned Coach on payment of the difference between the old first class (27 pies per mile) and the Air Conditioned Coach (30 pies per mile). After the 1st April, 1955, this concession has actually been limited to a far fewer number of officers in that only those officers who are in receipt of a pay of Rs. 1,600/- per month and above have been permitted to travel by Air Conditioned Coach on payment of 3 pies per mile. It was considered necessary in the public interest to give this concession to the limited category of officers in question. The detailed reasons which led to this decision were as follows :—

(1) After the abolition of the old first class and with the new reclassification of classes on the railways officers getting pay of, Rs. 201/- and above become entitled to the new first class. The resultant position was that a Head of the Department as well as his Stenographer, his Superintendent and the Senior Clerk would have to travel together. This would have led to administrative inconvenience and embarrassment when Heads of Departments proceed on tours accompanied by personal staffs.

(2) Many senior officers attend to official work while travelling in the trains especially on long journeys. A reasonable amount of comfort provided during such journeys facilitates and encourages such work and ensures that time taken on travel is usefully employed.

13	22	There should be a single Director General for all the functions of purchase, development of industries, maintenance of statistics, inspection and testing of stores, and the posts of the Deputy Director General and some of the Directors should be reduced.
14	23	The revised set up of the Directorate General should have 4 Directors: 1 for Supplies Wing; 1 for Inspection Wing; 1 for Development Wing; and

(3) On the Railway side officers of the junior administrative grade (pay Rs. 1300—60—1600 and above) when travelling on duty are entitled to travel by Air Conditioned Coach.

Taking into account all the above factors it was ultimately decided after discussions with the main Ministries concerned that officers drawing Rs. 1,600/- and above who are usually Heads of Departments may travel by Air Conditioned Coach on payment of 3 pies per mile when on official tours. In view of the great difference between the current fares of the new first class and Air Conditioned Coach accommodation, it would have caused hardship to require these officers to pay the entire difference between the fares of the above two classes from their pockets.

(*Ministry of Finance O. M. No. F* 15(8)-*E IIA*/56 *dated the* 23*rd May*, 1956.)

S. No. 13—16:

S. No. 13—Please see remarks against S. Nos. 17-19.

S. No. 14-16—Please see remakrs against S. Nos. 5-9.

(*Statement laid on the Table on the* 8*th June*, 1951).

S. No. 13—Under the late Ministry of Industry and Supply, there was a single Director General for the functions of purchase, development of industries, inspection and testing of stores.

1	2	3
		1 for Administration Coordination Wing with Deputy and Assistant Directors under them. In addition, a Director of Disposals may be attached temporarily upto the end of February, 1951 by which date the Disposals Wing is expected to be closed down.
15	24	The Regional Offices at Bombay, Calcutta, Madras and Kanpur should be under the charge of Deputy Director.
16	25	A comparative reduction of gazetted and non-gazetted staff should be effected on the basis of the proposed revised set-up.

Consequent on the reconstitution of the Ministries with effect from the 1st February, 1951, only the Development Wing of the Directorate General, Industry and Supply, which is entrusted with the function of "DEVELOPMENT OF INDUSTRIES" has been transferred to the control of Ministry of Commerce and Industry. There are two Industrial Advisers attached to the Development Wing (one for the Engineering Industries and the other for the Chemical Industries)—who work directly under the control of the Ministry *i.e.* there is no separate head for the Development Wing as a whole.

(*Statement laid on the Table on the* 18*th September*, 1951.)

24

S. No. 14-16 —As for the development side is concerned, please see remarks against Serial No. 13.

As regards the purchase side, please see remarks against the recommendations 17-20 and 22.

(*Statement laid on the Table on the* 18*th September*, 1951).

S. Nos. 13-16—

The whole question is under the consideration of the Stores Purchase Committee whose report is awaited.

(*Ministry of W.H. & S.O.M. No. B*-5(11)/54 *dated the* 30*th December*, 1954).

In view of what has already been stated above, no further action was required on the above-mentioned recommendations of the Esti-

			mates Committee in so far as they relate to the development side. As regards the purchase side, Stores Purchase Committee have made a number of recommendations in regard to the functions, organisation etc., of the DGS & D which are receiving the consideration of Government and in view of this, no further action is required on these recommendations of the Estimates Committee. One of the recommendations of the Stores Purchase Committee is that a Departmental Committee should be appointed to determine the strength of the staff required for the efficient running of the organisation. Government having accepted this recommendation, a departmental committee has been set up *vide* this Ministry's letter No. E-III-60(2)/55 dated 15-5-56 (Appendix IV) and further necessary action will be taken when that Committee's recommendations are received. (*Ministry of W.H. & S. O. M. No. Budget-5(20)/55 dated the 31st May.* 1956.)
17	31-32	(*ii*) Pending the setting up of a State Purchase Corporation purchases in India should continue to be made, through the existing organisation of the Ministry of Industry and Supply but the foreign purchase should, save in exceptional cases be made through local Indian agents of foreign manufacturers.	*S. Nos.* 17-20: *S. No.* 17-19 At present the Finance Secretary is in London and examining the procedure in the office of the High Commissioner. The whole question of the organisation of the Purchase Department, its scope of work, procedure, staff requirements etc. will be examined by Government on his return and final decision taken. *S. No.* 20.
18	33	India's Trade Commissioners and Commercial Officers abroad	As regards the I.S.M., Washington, the matter has been recently examined. In view of the work involved in connection with the

1	2	3
		should gradually and progressively be entrusted with the work of foreign purchases. They should, as far as possible, in their dealings with the Ministry of Industry and Supply, in so far as their purchase functions are concerned, have a direct access to that Ministry.
20	35	(*i*) In view of the restrictions on imports from Dollar Areas, the India Supply Mission, Washington should be closed down immediately and whatever little purchases have to be made in that country should be entrusted to the Trade Commissioner there.
		(*ii*) The Office of the Director, General, India Stores Department, London may continue until the State Purchase Corporation is established, but steps should be taken meanwhile to effect considerable reduction in staff and other expenditure in this office.

large imports of foodgrains from U.S.A. it is not possi le, at present, to close down the I.S.M. The matter will however be considered again when normal conditions return. As regards the I.S.D. London, a decision will be taken on receipt of the report of the Finance Secretary.

(*Statement laid on the Table on the* 8*th June*, 1951).

S. No. 17-20.

The report of the Finance Secretary has been received and the Government are considering the question of the appoinment of a Committee to conduct a thorough examination of the existing organisation and procedure and to suggest the changes that may be necessary.

(*Statement laid on the Table on the* 18*th September* 1951).

(*iii*) The system of diverting all the indents to London should be revised. Efforts should be made to effect purchases in other countries also with the assistance of our Trade Commissioners there.

S. Nos. 17 & 18.

Two Committees one in London and another in Washington were set up with the following terms of reference:—

(*i*) Provision of adequate and suitable personnel for staffing the organisation;

(*ii*) To examine and report on the methods at present adopted in regard to:

(*a*) Procurement,

(*b*) Inspection, and

(*c*) Shipment;

and to suggest improvements, if any;

(*iii*) The manner of determination of Government demands, rationalised planning, provisioning and indenting of stores, particularly with reference to proper screening and processing of demands prior to their being placed abroad.

The reports of the Committee are expected shortly.

(*Ministry of Finance D.O. No.* 1-EC/53 *dated the 9th January,* 1953.)

The Regional Stores Purchase Committees set up in London and Washington in November, 1952 submitted their Reports to

1	2	3

Government in January, 1953. The main recommendations made by the two Committees pertain to:—

(*i*) the improvement in the existing methods of preparation of indents by indenting departments and in the handling of such indents by the two overseas purchase organisations with a view to ensure better and more prompt service to indentors;

(*ii*) provision of adequate staff for the efficient handling of procurement work; and

(*iii*) reorganisation of the staff at higher level by progressive Indianisation consistent with financial considerations in order to improve the standard of efficiency in the two organisations. Government have completed examination of a number of the recommendations and a statement showing the items on which final orders have issued is enclosed (Appendix V.) The remaining recommendations are still under consideration.

The Government has also appointed a Stores Purchase Committee to examine the working and organisation of the Central Stores Purchase Organisation in India; copy of the Resolution published in the Gazette of India Extraordinary dated 11-3-53 with amendments in regard to the composition of the Committee and its composition is enclosed (Appendix VI). The Committee will also go into the recommendations of the Regional Stores Purchase Committees, London and Washington.

The work of the Stores Purchase Committee has been interrupted owing to the sad demise of its Chairman Shri S. N. Buragohain.

A new Chairman has now been appointed and the Committee has resumed its deliberations.

(*Ministry of W.H. & S. O. M. No. Gen. 5(2)/54 dated the 4th May, 1954.*)

A statement (Appendix VII) is attached showing all the important recommendations of the Stores Purchase Committees set up in London and Washington, and the action taken thereon. The question of setting up of a State Purchase Corporation is still under consideration of Govt. in the light of the observations of the Stores Purchase Committee (India).

The Stores Purchase Committee (India) have made certain recommendations on the subject of purchase of imported stores and these are under the consideration of Government.

(*Ministry of W.H. & S. O.M. No. Budget-5(20)/55 dated the 14th February, 1956.*)

A statement, showing all the important recommendations of the Stores Purchase Committees in London and Washington and the action taken thereon has already been furnished to the Lok Sabha Secretariat under this Ministry's O. M. No. Budget-5(20)/55 dated 14-2-56. The question of setting up of a State Purchase Corporation is still under consideration of Govt. in the light of the observations of the Stores Purchase Committee.

(*Ministry of W.H. & S. O.M. No. Budget-5(20)/55 dated the 29th March, 1956.*)

A statement showing the corresponding recommendations of the Stores Purchase Committee and action taken by Government is enclosed (Appendix VIII).

1	2	3	4
			(*Ministry of W.H. & S. O.M. No. Budget-5(20)/55 dated the 25th October*, 1956.)
21	37	An enquiry should be made regarding the need for placing an order of 2,000 Jeeps with a British firm named "ANTIMISTANT LTD.," whether the terms of the contract had been carefully vetted before it was entered into with the firm, whether the credentials of the firm had been properly investigated to the satisfaction of the Defence Secretary and the Financial Adviser, Defence; and why action against the firm for breach of terms of the contract has been pending so long; how responsibilities will be fixed by the Committee proposed to enquire into the matter and what action is proposed to be taken against the persons concerned.	As regards the jeep contract, the matter has already been discussed in detail in Parliament, and no further remarks are necessary. (*Statement laid on the Table on the 8th June*, 1951.)
22	56	(*a*) (*ii*) It should be investigated whether there were good grounds for enforcing the blanket ban by	The blanket ban by the Ministry of Rehabilitation was imposed under the orders of the Cabinet. The liaison between the Ministry of Rehabilitation and the late Ministry of Industry and Supply

the Ministry of Rehabilitation on the sale of these goods for a period of 21 months when they were not making adequate use of the stores themselves and also whether relief could not have been devised with much greater effectiveness, at a far less cost to the displaced persons, if proper liaison and coordination between the Ministries of Industry and Supply and Rehabilitation had been maintained during the period of the ban.

(d) (*ii*) Serviceable motor vehicles should, as far as possible, be got repaired before sale. Motor transport Services run under Government management and charitable institutions etc. should be given priority and allowed to purchase them at concessional rates.

may have been halting at times but, generally speaking, was satisfactory; but an enquiry at this late stage will not serve any useful purpose.

(*Statement laid on the Table on the 8th June*, 1951.)

There are at present no serviceable motor vechicles available for disposal. The question will be examined if any occasion arises in future.

(*Statement laid on the Table on the 8th June*, 1951.)

5000 vehicles are now available for sale. Servicing and reconditioning of these vehicles is a task which a Government Department is wholly unfit to undertake. Ex-servicemens' and Refugees' Cooperative Transport Societies have been allowed to purchase vehicles from Disposals at concessional rates, provided they are registered and their demands are sponsored by respective State Governments or Central Government.

1	2	3
		(*Ministry of W.H. & S.O.M. No. B-5(11)/54 dated the 30th Dec.* 1954.) Orders have been issued for treating demands for Bharat Sevak Samaj at par with those received from Government Priority Indentors so far as issue at concessional rate is concerned, provided these demands are sponsored by the Social Welfare Board of the Planning Commission or the Development Department of State Govt. The demands placed by the Bharat Sevak Samaj are, provided they are sponsored by the appropriate authority, met at concessional rates in addition to the demands of Ex-Servicemen Cooperative Societies. (*Ministry of W.H. & S. O.M. No. B-5(20)/55 dated the 23rd August,* 1956.)
(*e*) (*ii*) Such of the aircraft as are reconditioned and found serviceable may either be transferred to the Ministry of Defence if required by them or sold at a public auction with a return price which should normally be the market value of a corresponding service aircraft.		Experience has shown that it is better to take up the work of reconditioning of the aircraft after it has been sold than making an attempt to recondition the whole lot. Meanwhile, adequate arrangements have been made for the proper custody of the servicing of the surplus stock. Dakota spares are already with Hindustan Aircraft. (*Statement laid on the Table on the 8th June,* 1951.) There are no aircraft now for sale. (*Ministry of W.H.&S. O.M. No. B-5(11)/54 dated the 30th December,* 1954.) 1. No aircraft and spare parts are now available for disposal.

(*f*) In order to accelerate the pace of disposals, four Members of Parliament and a representative of the Ministry of Rehabilitation should be associated with the Disposals Board that is at present functioning for reviewing the progress of disposals. The Board should be presided over by the Minister of Industry and Supply instead of an official as at present and should meet every fortnight or every month to review the position.

2. and 3. In view of 1 above the question of annual cost of servicing of the surplus stock and total cost to Government upto date on account of maintenance of those aircraft does not arise.

(*Ministry of W.H.&S.O.M. No. B-5(20)/55 dated the 6th December,* 1956.)

The bulk of the Disposals stock consists of surplus aircraft and signals stores. For this limited work, it is not considered worthwhile expanding the present constitution of the Disposals Board.

(*Statement laid on the Table on the 8th June,* 1 1.)

The bulk of the disposal of surpluses arising out of war were liquidated by the end of 1952 leaving a negligible portion which in the main consists of signal stores. For this limited work it was not considered necessary to associate with the Disposals Board Members of the Parliament etc. The Disposals Board is not functioning now. The question whether there should be any non-official advisory panel to assist the Disposals Organisation in the liquidation of current surpluses, is under the examination of the Stores Purchase Committee.

No.	No. of the Report	Summary of Recommendations	Reply of the Government
			(*Ministry of W. H. & S. O.M. No. B-5(11)/54 dated the 30th Dec. 1954.*)
24	65	The Committee proposed to be appointed to investigate into the losses caused to Government on account of unsuitable storage arrangements for surplus stores, should also look into the question why the 600 machine tools worth one crore of rupees, originally reserved for the Machine Tools Factory, were allowed to deteriorate and later released to various Government Departments.	Three hundred machine tools worth about Rs. 75 lakhs (and not 600 as mentioned in the Estimates Committee's Report) were reserved for the Machine Tool Factory. On subsequent inspection, it transpired that the machine tools were unsuitable for the purpose, and were accordingly issued to meet urgent requirements of the Defence Services and Railways. It is not a fact that these machine tools got deteriorated before they were released and that Government had to incur losses on account of unsuitable storage arrangements. These machines having already been utilised by Government Departments, the question of investigation of loss to these machines does not arise. (*Statement laid on the Table on the 8th June*, 1951.) The items of machine tools originally reserved for the Machine Tool Factory were allocated to the following : . Director General, Ordnance Factories, Calcutta.—242 machines. 2. Faridabad Development Board.—23 machines. 3. Machine Tool Factory. — 35 machines. The above mentioned priority Indentors have s achine tools to use as under : (*i*) Out of 242 machines released to the Director General, Ordnance Factories, Calcutta, 221 machines have already been put

26	67	An expert Committee be appointed to determine the quality and usefulness of the machinery received from reparations and all future releases should be made in accordance with the recommendations of this Committee.
28	73	An enquiry should be made into the causes of the delay in taking possession of the site for the Sindri Fertiliser Factory and also to determine the factors which were responsible for the higher cost of land and steel when Government could use necessary powers to acquire the land in time and to buy steel at controlled rates.

into use for production of service items in various Ordnance Factories and the balance 21 machines will be put into use as and when required.

(*ii*) 23 machines supplied to the Faridabad Development Board were used in setting up a Diesel Engine Factory, which was subsequently sold as a going concern.

(*iii*) 35 machines were supplied to the Machine Tool Factory for their use.

(*Ministry of W. H. & S. O.M. No. B-5(20)/55 dated the 15th September*, 1956.)

The machines are being disposed of in batches and, before disposal, representatives of Ministries decide upon the allocation on the basis of the best use to which these machines can be put. This substantially meets the recommendations of the Estimates Committee and the appointment of a separate Committee does not appear to be necessary.

(*Statement laid on the Table on the 8th June*, 1951.)

The facts of the case are that the official notification under the Land Acquisition Act, was issued in November, 1945. Immediately thereafter some agitators appeared on the scene and persuaded the owners of the land to hold up as long as possible in order that they might get the compensation much higher than would be admissible under the normal operation of the Land Acquisition Act. This claim was largely supported by the State Government who were apparently prepared to bring in special legislation, if necessary, to support the villagers' claim for ten times the assessed value of the house and five times the assessed value of the land. If accepted, the amount to be paid

1	2	3
29	74	Pending investigation into the alleged slowness of the C.P.W.D., Government should take note of the unhappy state of affairs and take steps to reorganise the C.P.W.D., in order to make its service quicker, more efficient and cheaper.

would have been Rs. 90 lakhs. Prolonged discussions took place with the Provincial Government and it was only after the intervention of the President, Prime Minister and the Home Minister that a settlement was arrived at after more than a year and compensation fixed at about Rs. 25 lakhs. Pending the settlement of the quantum of compensation the villagers would not permit the work being carried out on the site and at one time the situation became so serious that no one could enter the site without police protection. Far from there being an increase in the cost of land due to delay in its acquisition the actual payment has been only Rs. 25 lakhs, as against Rs. 90 lakhs recommended by the State Government. In the circumstances, no useful purpose will be served by conducting an enquiry into the matter.

As regards steel, it has always been purchased at control prices ruling from time to time.

(*Statement laid on the Table on the 8th June*, 1951.)

To be discussed along with the recommendations in respect of the Estate Office and the C.P.W.D.

(*Statement laid on the Table on the 8th June*, 1951.)

45	108(*i*)	Steps should be taken to revise the existing practice of continuing protection of salaries and all Officers and staff should on promotion to posts higher than their substantive posts be allowed the prescribed scales of pay and allowances of the new post, irrespective of the fact whether they are post-1931 or pre-1931 employees.

The delay in regard to the construction of buildings for the Sindri Factory has already been explained to the Committee, as mentioned in the note below para 74 of the Committee's First Report. Steps are, however, taken from time to time to improve the efficiency of the C.P.W.D., as and when considered necessary.

(*Ministry of W.H. & S. O.M. No. B-5(11)-/54 dated the 30th December, 1954.*)

In view of the following considerations, it is felt that it would neither equitable nor advisable to compel pre-1931 employees to be brought on to the same scales of pay as allowed to post-1931 employees :

(1) the number of pre-1931 entrants is a fast diminishing one ;

(2) the economies resulting from such action would be quite inconsiderable ;

(3) these individuals have been drawing the pre-1931 scales of pay for the last 20 years and more. The withdrawal of the concession would, therefore, have a demoralising effect; and

(4) further, having regard to the commitments which these individuals may have already made on the expectation of continuing on these scales of pay, the withdrawal of this concession might be a cause of genuine hardship, particularly in view of the high cost of living obtaining at present.

(*Statement laid on the Table on the 8th June, 1951.*)

1	2	3
46	109	(*i*) The travelling allowance of officials travelling by air should be restricted to the actual air fare plus appropriate road mileage from the aerodrome to the place of halt, if Government transport is not provided. (*ii*) Air travelling should be sanctioned in very exceptional cases where the exigency of service so requires it and mode of air travel is found cheaper than any other mode of travelling.

The present position is the result of repeated examination of the question during the last three or four-years during which the allowance granted to officers travelling by air has been steadily reduced. Up to 1946, the travelling allowance admissible was the actual air fare plus cost of transporting upto three Maunds of baggage *plus* a railway fare for one servant. In 1946, 1/3 air fare was allowed to cover all incidental expenditure and no additional allowance was given for baggage, servant etc. In 1948, the 1/3 air fare was further reduced to 1/4 and this position holds good at present. Not only does this 1/4 air fare cover all incidental expenditure but it also helps the officer to meet the extra expenditure at the outstation (hotel charges, etc.) which s not covered by daily allowance granted to him. For a First Grade Officer the normal rates of daily allowance vary from Rs. 6/4- to Rs. 12/8- per day and there is a general complaint that these are too low. The abolition of 1/4 air fare granted at present would, it is feared, raise the demand for an upward revision of the rates of daily allowance. It is considered that the existing rule is not extravagant and should for the present continue.

Under the existing rules, travelling by air is already very considerably restricted being ordinarily allowed to officers whose pay is not less than Rs. 2,250/- per month. It may however be pointed out that with the introduction of cheap night air service and the increase in the railway fares, the difference in cost between the two modes of travelling is tending to become less and less.

			In fact, in certain cases journeys by air are cheaper than by train. (*Statement laid on the Table on the 8th June, 1951.*)
		(*iii*) In no case should, however, an official be permitted to charter a plane.	As regards the chartering of plane it may be mentioned that only the Hon'ble Ministers are competent to charter a plane for themselves under existing orders. In actual practice it is only in very rare cases that they find it necessary to charter planes. No other official is normally allowed to charter a plane. In these circumstances no change in the rule is called for. It may be mentioned that with a view to securing economy in expenditure on travelling allowance an overall cut of 25 per cent. has been made which is expected to yield a saving of about Rs. 50 lakhs with reference to the grant for 1950-51. (*Statement laid on the Table on the 8th June, 1951.*)
47	110	A register of trunk calls should be maintained wherein date and time, purpose of the trunk call and the name of the person called, should be noted. This register should be inspected at regular intervals by a senior officer designated for this purpose.	Please see remarks* against S. No. 18 of the Second Report. (*Statement on laid on the Table on the 8th June, 1951.*)

(*) *Remarks against S. No. 18 of the Second Report.*

TRUNK CALLS—The present practice is that regarding bills in respect of which trunk calls were made either from the official telephone or the residential telephones, the officer concerned is asked to certify in each case whether the call was private or official. In respect of private calls, the charges are recovered in cash. This ensures that the Government is called upon to pay for only official calls.

The system is working satisfactorily and the maintenance of a separate register by each officer will hardly serve any useful purpose besides causing a good deal of extra accounting work in its upkeep and subsequent check.

(*Statement laid on the Table on the 8th June, 1951.*)

CHAPTER IV

Replies of the Government that have not been finally accepted by the Committee and are being pursued

†Serial No.	Ref. to para No. of the Report	Summary of Recommendations	Reply of the Government	Comments of the Committee
1	2	3	4	5
1.	4.	A Committee consisting of the Budget Officer of the Government of India, a representative of the Comptroller and Auditor General and a member of the Estimates Committee may be constituted to examine and to report to the Estimates Committee the improvements that can be made in the existing system of presentation of budget estimates to Parliament.	1—4.— A sub-Committee under the Chairmanship of the present Minister of State for Finance was set up to consider certain changes in the form of the budget estimates in accordance with the suggestions of the Committee in the first interim reports on the estimates of the Industry and Supply Ministry. The recommendations of the Committee were considered in detail by the sub-Committee. A copy of the Report is attached (Appendix I). Action taken on the recommendations of the sub-Committee is set out in our letter of the 31st January, 1951, a copy of which is attached (Appendix I). No	1-4.— The question of Budgetary Reform should be pursued.
2.	5.	The reasons for variations between the revised and the budget		

		estimates and information in regard to the new items of expenditure should be consolidated in a separate self-contained book form for circulation to Members of Parliament to help them in understanding the budget proposals in their various aspects.
3.	6.	The budget papers should also include a detailed review of all the State projects, autonomous bodies and limited companies in which Government has some interest or to which loans have been granted by Government. Such reviews should include reasons for variation between the original and the revised estimates and the volume of work handled or to be handled by each project, body etc. In the absence of budget details in respect of any such project a token demand should be placed before Parliament.
4.	7.	A statement of reappropriations above a particular sum from one sub-head to another sub-head under a Demand for Grant

†Sl. No. indicates the Serial No. of the recommendations as give

further action is required on the recommendations.

(*Statement laid on the Table on the 8th June*, 1951.)

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en in the Appendix to the First Report.

1	2	3
		should be laid before Parliament each year at the time of the presentation of the budget.
11.	16.	(*i*) Service postage and Telegram charges should be reduced by employing cheaper means of communications. (Reduction 25 per cent.).
		(*ii*) Residential telephones should be allowed only to senior key officers and for office telehpones private exchange should be set up for the Industry and Supply Ministry and its attached offices. Expenditure should be reduced by 50 per cent.

4	5
*Please see remarks against Serial Nos. 18 & 19 of the Second Report. It may also be mentioned that the contingent allotment to which the cost of such items is debited has been substantially reduced and is expected to yield a saving of Rs. 1 crore and 25 lakhs with reference to the provision for 1950-51. (*Statement laid on the Table on the 8th June*, 1951.)	These items have been further dealt with in recommendations Nos. 18 & 19 (para 21 and 22) in the Second Report.
The question of the extension of the internal system to the various Ministries where it does not already obtain has been examined in consultation with the Communications Ministry. For the following reasons it has not been found possible to extend the system at present : (*a*) Dearth of suitable equipment ; (*b*) Dearth of suitable technical personnel ; and	

(c) extra expenditure, particularly in view of the fact that in a number of cases the various offices of a Ministry are scattered over different places, makes it impossible to put them together. There is also the consideration that even if an internal system is installed, it will be necessary to maintain a certain number of direct lines to eliminate possible leakage through the operators.

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*Sl. No. 18 of the Second Report.

†Sl. No. Indicates the Serial No. of the recommendations as given in the Appendix the First Report.

*The idea of an internal telephone Exchange is a sound one and is acceptable. It may be stated that in certain Ministries, such a system already exists, but in extending the system to other Ministries, the following considerations arise:

(a) It should not cause any appreciable additional expenditure, particularly in the present state of financial stringency. The direct telephones at present are provided only to a limited number of officers. The internal telephone system would cover a much larger number of officers. It would also require the recruitment of efficient and qualified operators.

(b) To prevent leakage of confidential and secret information, the operators would have to be thoroughly reliable. In fact in certain cases of senior officers, lines would still be necessary.

The above points are under examination.

The present practice is that residential telephones are provided after careful scrutiny and only in such cases where they are required in the interest of public service. It is agreed that, as privacy calls are also made from the residential telephones the officers concerned should pay for such calls. As it would be difficult to keep an exact account of such calls, it is necessary to formulate a simple system to achieve the same. It is proposed, therefore, to treat two calls made from these telephones as free a representing calls for official purposes. Any calls in excess of this number will be paid for by the officers concerned. Orders on these lines are shortly to be issued.

Sl. No. 19 of the Second Report—Use of cheaper means of communication.

The recommendations are accepted.

Instructions to that effect already exist.

(Statement laid on the Table on the 8th June, 1951.)

1	2	3
17.	31-32.	(*i*) A State Purchase Corporation should be set up early to deal with all Government purchases, whether Indian or foreign.

4	5
After careful examination of the question it was found that the number of calls on private account was small. It also transpired that the number of telephones for which calls in excess of 180 per month were made, was also relatively small and would involve recovery from individuals who made calls largely on Government account. In view of this and as the process of recovery of charge on this basis would entail additional administrative and accounting work incommensurate with the savings to be realised the Government on further consideration came to the conclusion that the question need not be pursued for the present. (*Statement laid on the Table on the 18th September*, 1951.)	
Please see remarks against S. Nos. 17(*ii*) to 20 in Chapter III. The corresponding recommendations of the Stores Purchase Committee and the action taken by Government (*vide* Appendix VIII) are reproduced below for ready reference.	The Committee recommend that there should be no delay in implementing the recommendation of the Stores Purchase Committee re-

23.	56	(a) (i)	A searching enquiry should be made and responsibility fixed

'1) The existing Central Purchase Organisation (C.P.O.) *i.e.*, the Directorate General of Supplies, should continue. For the present *status quo* should generally be maintained between centralised purchases and direct purchases by indenting departments. Purchases of specialised stores should be progressively transferred to the C.P.O., as it becomes effectively equipped to handle larger purchases. (2) A high powered Purchase & Development Board should be established to control and co-ordinate Government's purchase activities with particular reference to development of Industries. *Recommendations of the Stores Purchase Committee.*) (*i*) Noted. SPC's recommendation accords with the existing position. (*ii*) Stores Purcha e Committee's Recommendation regarding Purchase and Development Board is under consideration of Government. (*Action taken by Government*)	garding the establishment of a high powered Purchase & Development Board.
The stock under Disposals not so far disposed of is a small part of the original stock	The reply has not met the view point of the

1	2	3
		for the negligence of the authorities concerned in the Ministries of Industry and Supply and Defence regarding inadequate storage arrangements and also for selling disposals stores at lower rates than those prevalent in the open market.

and adequate arrangements now exist for their storage.

The bulk of the disposals work is now over and no useful purpose will be served by setting up a Committee to go into the arrangements made in the past at a time when the conditions were most abnormal.

(*Statement laid on the Table on the 8th June*, 1951).

The war surpluses have already been disposed of. The Director General, Supplies and Disposals is now dealing with the current surpluses which are declared from time to time by the Defence Ministry on the basis of a periodical provisioning review of items held by them. The Ministry of Defence Committee. The Committee are of opinion that inadequate storage arrangements and the sale of the disposal stores at lower rates than those prevailing in the market have resulted in huge loss to the exchequer and recommend therefore, that an enquiry though not necessarily by a Committee of Enquiry should be conducted into the matter, so that instances of a like nature may not occur.

(c) The surplus stores consisting of Signals , Radars, etc. should be handed over immediately to the Defence Ministry and a Committee of experts appointed by Government to look into the matter of their utilisation and distribution to the Ministries

have, however, informed this Ministry that action has been taken to go ahead with the planning of covered accommodation to the extent of their theoretically assessed holdings for the peace-time Army. The execution of these projects does not mean that all stores/vehicles, whether surplus or stock will be put under cover as various factors, such as the nature of the stores, some of which do not deteriorate in the open for which provision of covered accommodation is wasteful, have to be taken into account by Government. It is therefore inevitable that certain stores assessed as surplus are held in open storage as it is not economical for the State to put the stores under cover in preference to those which are required to be retained by them. Any futher enquiry in the matter is therefore not considered necessary.

(*Ministry of W.H. & S. O.M. No. Budget -5 (20)/55 dated the 23rd August, 1956.*)

As recommended by the Committee, a Committee of experts was appointed by Government to look into the matter of the utilisation and distribution of Signal stores. Steps are being taken to liquidate the stocks as early as possible on the advice of the Committee so that these may be utilized in the best manner possible.

The Ministry has been asked to state the latest position regarding the disposal of the surplus stores.

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		of Defence, Communications and Home Affairs (for their wireless organisation) as also to the educational institutions and research laboratories.
30.	77	A Committee should immediately be constituted by Govt. to go into the whole matter of plann-

4	5
The Committee have themselves stated that these stores cannot be sold in the open market being of strategic importance. (*Statement laid on the Table on the 8th June*, 1951).	
In 1950, the value of stores in Cossipore Depot as well as Tata Aircraft amounted to over Rs. 18 crores,. After detailed examination by the Team deputed by the Ministry of Defence, some 1700 tons of Signal Stores of the book value of over Rs. 5 crores were retained by that Ministry for the use of Defence Services. Indents placed by other Departments have been mostly complied with and the balance of issues will be completed by February, 1955. [*Ministry of Finance O.M. No. B-5(11)/54 dated 30th Dec.* 1954.]	
The Sindri Factory is the first big project of its kind undertaken by the State and this too in a period of transition and also	A number of changes have taken place since the Committee

ing and cost of Sindri Fertiliser Factory with a view to fixing responsibility for delays, extra expenditure and laxity in supervision and control of finances and to suggest remedies for future.

Subject to the findings of this Committee, following recommendations are made in regard to such other projects under progress or that may be undertaken in future.

(i) There should be a single Authority in overall charge of a State project for control, co-ordination, etc.

A

otherwise full of difficulties. There have probably been lapses in planning and organisation and also avoidable delays. The main difficulties that arose in the planning and execution of the Sindri Factory are well known. Steps have been taken to tighten the control over the execution and administration of the factory. No useful purpose will be served by appointing a committee of enquiry or attempting to fix the responsibility in respect of what has happened in the past. As will be seen from the remarks against the subsequent recommendations, experience gained from the Sindri Factory will be borne in mind in the operation and execution of future State enterprises.

(*Statement laid on the Table on the 8th June* 1951.)

made the recommendation on State Undertakings. Parliament will now be kept informed of the irregularities in the accounts by the C. & A.G. through the media of his Audit Reports.

decision in principle has already been taken to form companies for running State enterprises on a commercial basis.

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		(ii) A separate central organisation working under the contral of the authority mentioned in sub-para (i) above should frame estimates and keep accounts of the progressive expenditure.

4	5
(*Statement laid on the Tabe on the 8th June*, 1951.)]	
All State Industrial Undertakings under the control of the Ministry of Production except Salt, Coal and Mathematical Instruments, have been formed into limited liability companies and are managed through Boards of Directors constituted under the Indian Companies Act.	
[*Ministry of Production O.M. No. B.G.T.-4 (5)/54 dt. 17th Dec.* 1954.]	
Accepted. The authority set up will have powers to create the necessary organisation for the purposes recommended by the Committee.	
(*Statement laid on the Table on the 8th June*, 1951)	
Every State Undertaking has under it a separate accounting department.	

[*Ministry of Production O.M. No. BGT-4 (5)/54 dated the 17th Dec. 1954.*]

(iii) State projects should be run on commercial lines. Necessary provision should be made for adequate control by Parliament to enquire into the working and other allied matters.

Accepted *vide* remarks against (i) above.

(*Statement laid on the Table on the 8th June, 1951.*)

(iv) It should be considered whether the construction work of such projects be entrusted to Central Public Works Department or to some other agency.

Accepted. The authority empowered to run the project will have discretion to decide whether construction work should be entrusted to the Central Public Works Department or to some other agency.

(*Statement laid on the Table on the 8th June, 1951*)

Kindly see remarks against (i) above.

The control and management of the factories has been transferred to private limited companies registered under the Indian Companies Act, 1913. The Boards of Directors of the companies have powers to acquire property, to undertake (within stipulated financial limits) works of capital nature, to secure contracts, to appoint officers, etc., etc. They have discretion to build their own organisations for construction and maintenance of buildings and other works.

1	2	3

[*Ministry of Production O.M. No. B.G.T.-4(5)/54 dt. the 17th Dec.* 1954.]

A statement showing the names of the undertakings under the Ministry of Production and the extent to which the services of the Central Public Works Department are utilised by them is given below :

Hindustan Machine Tools Ltd.

The erection of Butler and Bellman Hangars was entrusted to th Central Public Works Department, all the other items being executed by private contractors under the supervision of the Company's Civil Engineering Department. In terms of value the C.P.W.D's. work amounted to about Rs. 17·5 lakhs, while the other items constructed by the contractors was for an approximate value of Rs. 20 lakhs. The provision of ventilation plant for the two hangars is still under execution by C.P.W.D. being part of the hangar work, which was put up by them and also because it involved certain amount of designing on which it was felt the C.P.W.D.'s experience could be availed of, this work was entrusted to them.

Hindustan Cables Ltd.

The construction of buildings including residential accommodation for the staff etc. is undertaken by C.P.W.D. The extent of construction work for the company being small, it may not be economic for the company to maintain a separate establishment for construction work. Special arrangements have been made with the C.P.W.D. for effective supervision over the work by the officers of the company and for avoiding procedural delays.

Hindustan Insecticides Ltd. & Hindustan Antibiotics.

As the control and the management of these factories has been transferred to a Government owned Private Limited Company, the Boards of Directors have the discretion to build their own organisation for construction and maintenance of buildings and other works. The Cental Public Works Department is carrying out the building construction and electrical installation work and as such it would not be advisable to make a change at this stage. Further it would also be uneconomical to set up a separate organisation to supervise the work of contractors.

1 2 3

Hindustan Shipyard Ltd.

The C.P.W.D. is not doing any work for this shipyard, but all the Development Works are being supervised by an Executive Engineer of the Central Public Works Department after organising a Civil Engin ering Department. His services have been loaned to this shipyard by the Ministry of Works, Housing and Supply.

Sindri Fertilizers & Chemicals Ltd.

This company had formed their own Civil Engineering organisation which took over the work of the C.P.W.D. from the 27th July, 1954 and since then that Department are no longer doing any work for the Company.

(*Ministry of Production O.M. No. BGT-4 (1)/56 dated the 6th April,* 1956.)

1. The C.P.W.D. is carrying out works for the Hindustan Antibiotics Ltd. at Pimpri near Poona. The construction work of the residential and non-residential buildings was execute l by the Department in 1952-53 for this Factory

when it was not managed by an autonomous body.

The C.P.W.D. however, continued to execute the works for this factory after the latter was taken over by an autonomous body. But this time these works were undertaken as "Deposit Work".

2. In the case of Hindustan Machine Tools Ltd. at Jalahalli, the C.P.W.D. is carrying out the works in respect of ventilation arrangements in Bellman and Butler Hangars. This is also treated as "Deposit Work."

3. No work is now being executed by the Department for Sindri Fertilizer Factory, Ltd.

4. The Ministry of Production sponsored a proposal for establishing a Telephone Cable Factory at Rupnarainpur in 1951, the construction work of which was entrusted to the C.P.W.D. Later on the Government of India decided to convert it into a limited concern but it was managed and run by the Government. Thus even after the formation of this limited concern the works were continued to be done by the C.P.W.D. as "Deposit Work." The C.P.W.D. is still carrying out the work connected with this factory.

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		(v) The terms of contracts to be entered into with various parties should be carefully studied in advance by experts and 'cost plus' contracts should be discouraged. Government should retain powers for giving sub-contracts and fixing up rates.
		(vi) Ministry of Finance should observe stricter financial control over the projects and should insist on definite and reliable estimates of cost.
		Ex-post-facto sanctions may be accorded in very exceptional circumstances.
		(vii) Immediately after deciding to start a project Government should ensure that required steps are taken in proper se-

4	5
Execution by C.P.W.D. depends upon its capacity to undertake the work on request from the autonomous bodies. (*Ministry of W. H. & S. O.M. No. B-5(20)/ 55 dated the 6th September*, 1956.)	
Accepted. The general policy followed by the Government is to discourage the 'cost plus' contract, but in certain cases it is impossible to avoid them. (*Statement laid on the Table on the 8th June*, 1951).	
Accepted. It will be ensured in future that adequate financial control exists over projects free from inspection. (*Statement laid on the Table on the 8th June*, 1951).	
Accepted. (*Statement laid on the Table on the 8th June*, 1951).	

		quence to obviate the original estimates becoming out of date.
		(viii) Employment of extra supervisory staff to watch the work of other Government agencies should be discouraged. Watching the progress of orders placed with private firms, etc. outside India should be entrusted to Indian Embassies, etc. in those countries.
		(ix) Complete details of the original estimated cost of a State project should be placed before Parliament when submitting a Demand for Grant. Revised estimates with full reasons therefor should be placed before Parliament if original estimates require revision later. Details of all revised estimates should invariably be placed before the Estimates Committee for detail d scrutiny before their submission to Parliament.
31.	85	The Machine Tool Factory should be run as an economic and self-contained unit.

Accepted.
(*Statement laid on the Table on the 8th June*, 1951).

Complete details of the original estimated cost of State projects are placed before the Standing Finance Committee of Parliament before administrative sanction is given to them.
(*Statement laid on the Table on the 8th June*, 1951).

The Machine Tool Factory will be run as an economic unit and will, as far as possible, be self-contained.

S. Nos. 31—42.—As the Machine Tool Factory Hindustan

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32.	86	The experience gained as a result of the Sindri Fertiliser Factory and the recommendations made in that connection should be carefully borne in mind while planning the lay-out, construction, accounting, auditing, etc. and the construction of the Machine Tool Factory should be completed before the target date fixed for the purpose.

4	5
(*Statement laid on the Table on the 8th June*, 1951).	Shipyard and Slat Organisation have all been considered in detail by the Estimates Committee in their Fourteenth and Fifteenth Reports, no action is necessary here.
The control and management of Machine Tool Factory has been transferred to a private limited company *viz.*, Hindustan Machine Tools Limited with effect from 1-3-1953. The Board of Directors of the Company has been vested with sufficient powers to acquire property, to undertake works of capital nature (within a specified financial limit), to secure contracts, to appoint officers, etc. etc.	
(*Ministry of Production O.M No. BGT-4(5)/54 dated the 17th December*, 1954).	
Noted.	
(*Statement laid on the Table on the 8th June*, 1951).	
The construction work of the Factory is expected to be completed by June, 1955. The erection of plant and machinery is progressing satisfactorily.	
Token production of components of 8½" centre lathe has been started from October, 1954. Simultaneously, assembly of lathes from imported components has also started from October, 1954.	

(*Ministry of Production O. M. No. BGT-4 (5)/54 dated the 17th December, 1954*).

33. 87 As the Machine Tool Factory under the Ministry of Industry and Supply is going to be a sufficiently big project, the question as to whether it is necessary to start a separate small factory for Defence purposes needs further examination.

There is little in common between the production of these two factories. To meet the special needs of the Defence forces, a separate factory is necessary. The necessity for the factory on the Defence side was carefully examined by the Standing Finance Committee before the project was started. Actually the factory is nearing completion. In planning the civil factory, care will be taken to ensure that there is no overlapping or duplication.

(*Statement laid on the Table on the 8th June*, 1951).

34. 89 The question of abandoning the idea of taking over the Vizagapatam Shipyard for the time being should be reconsidered by Government and mere financial considerations should not be the guiding factor in this respect. The vital consideration in this matter should be the future and growing needs of the country.

S. Nos. 34 *to* 36.

The whole question of the future of the Vizagapatam Shipbuilding yard and the arrangements to be entered into with Scindias for the construction of the ships is at present under the consideration of Government. Government are fully alive to the necessity of making the Shipyard an economic unit so as to enable it to construct ships at competitive prices. The question of priorities is being discussed in consultation with the Planning Commission.

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35.	90	The question of granting subsidy to keep the Yard going should be re-examined in the background whether the money spent on subsidy could not be utilized fowards the development of the Yard into a full-fledged one capable of producing ships at competitive rates.	The ships are being constructed by the Scindias at actual cost and no payment is being made to them either for profit or for interest on capital. No subsidy, as such, is, therefore, involved in the payment. It is, however, a fact that the cost of construction is higher than the prices at which similar ships can be purchased from abroad and, therefore, Government have to incur a loss at the stage of selling the ships. (*Statement laid on the Table on the 8th June*, 1951).	
36.	91	(*i*) Government should take over the Vizagapatam Shipyard. The project should be given a high priority in development schemes of Government.	The matter is under the consideration of the Government. (*Statement laid on the Table on the 18th September* 1951).	
		(*ii*) Government should enter into a partnership with the Scindias. If there is difficulty in putting through this proposal with the consent of Scindias, Government should bring before Parliament necessary legislation to give effect to it.	In pursuance of Government's decision, the Shipyard was taken over on 1-3-52 by the Hindustan Shipyard Ltd., a private Limited Company in which Government hold two-third shares and the Scindia Company the remainder. The new Company is managed by the Board of Directors consisting initially of five nominees of Government including the Chairman and the Managing Director and three nominees of the Scindias. The	

paid-up capital of the company is about Rs. 310 lakhs.

With a view to obtaining the necessary technical assistance for the development of the Yard, the Hindustan Shipyard Ltd., has entered into an agreement with La Societe Annonyme des Ateliers et Chantiers de la Loire De Paris, a French Company from 25-7-52 for a period of 5 years. It is expected that with the French technical help, the Yard will be expanded and modernised within the course of the next few years when it will be possible to build ships at reasonable competitive rates. Nowhere in the world, however, the Shipbuilding Industry is run without a State subsidy in one form or another. It has been decided that besides the subsidy to the Hindustan Shipyard Ltd. loans will be given by Central Government to Shipping Companies who place orders on the Shipyard for construction of ships and will make payment, therefore, directly to the Yard.

The Yard, it is understood, are taking necessary steps including retrenchment of a body of surplus labour, to bring down production costs.

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(*Ministry of Finance D.O. No. 1-EC/53 dated the 9th January,* 1953).

Recommendations Nos. 34 and 36 have already been accepted by the Government of India. In partnership with the Scindias, a new company *viz.*, the Hindustan Shipyard Ltd. has already been incorporated with an issued capital upto 1st March, 1954 of Rs. 312·75 lakhs. Two-thirds of the shares are allotted to the President of India, and the remainder one-third to the Scindias.

As regard recommendation No. 35, Government are alive to the necessity of bringing down the cost of construction at the Shipyard as far as possible. To achieve this end, the Shipyard has already entered into an Agreement with a reputed French firm of Shipbuilders *viz.* La Societe Annonyme des Ateliers et Chantiers de la Loire De Paris who are to render all possible technical assistance to the Shipyard so that the work could be conducted in a modern, economic and efficient manner. Government also realise the need for the development of the Shipyard as a pre-requisite

to bringing down the building cost and they have accordingly approved the development of the Shipyard at an estimated cost of Rs. 180 lakhs, out of which Rs. 60 lakhs have already been advanced by Government. The Shipyard has also retrenched 800 of its workers which has resulted in an annual saving of about Rs. 10 lakhs.

(*Ministry of Production O.M. No. CG* (4) (5) 54-*BC dated the 9th March*, 1954).

37. 96 **Immediate steps should be taken by Government to re-organise their Salt factories with a view to making them at least self-supporting if not profit bearing.**

Steps have already been taken to adjust the selling prices so that the factories do not run at a loss. The selling prices were revised early in 1950 and were re-fixed on the 15th March, 1950 with reference to the cost of production. The net profit on Government salt works during 1949-50 was Rs. 2,08,452 and a profit of about 4 lakhs is anticipated in 1950-51 exclusive of a further amount of about Rs. 35 lakhs on cess.

(*Statement laid on the Table on the 8th June*, 1951).

On the recommendations of the Departmental Committee who submitted its report in May, 1953 the selling prices of Salt at the Government salt sources were revised in May, 1954 in respect of Sambhar, Pachbadra and Didwana. The

1	2	3	4	5
			revised prices were fixed with a view to ensuring that the factories do not run at a loss. The prices will be reviewed periodically and revised, if necessary in relation to the cost of production. (*Ministry of Production O. M. No. BGT-4 (5)/54 dated the 17th December*, 1954).	
38.	99	A decision in regard to the question of discontinuing the Payment of royalties and compensation to States should be arrived at as early as possible.	Royalties and compensation are paid to States only to the extent recommended by the Committee appointed for the financial integration of States, known as the Krishnamachari Committee. No changes are possible until the position has been reviewed by the Finance Committees. (*Statement laid on the Table on the 8th June*, 1951). On the recommendation of the Committee for Federal Financial Integration of States, it has been decided that only payments of royalties and compensations, which are of a commercial nature, should be paid. Action has been taken accordingly.	

			(Ministry of Production O.M. No. C & G 4 (5)/54-BC dated the 29th May, 1954).
39.	100	(*i*) The State Factories should be appointed to continue to be under Government control as at present and be made to run on a commercial basis.	(*i*) Accepted. The question of putting these factories under company management is under consideration. (*ii*) Accepted. A Committee consisting of three Officers is being appointed to go into the whole question. *(Statement laid on the Table on the 8th June, 1951).*
		(*ii*) A small committee should be appointed immediately to go into the working of uneconomic government factories and to suggest ways and means to make them profit yielding.	(*i*) Has been examined further, and now awaits the Report of the Committee set up in connection with (*ii*) below. (*ii*) The Committee has been appointed and it is now studying the data collected and may later on visit some of the Government factories. The Committee is expected to submit its report in October, 1951. *(Statement laid on the Table on the 18th September, 1951).* *(i) and (ii)* The Committee was appointed in 1951 with the following terms of reference : (1) To examine the working of the existing Government Salt. Factories, and to make recommendations as to what steps should be taken.

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(a) to improve their efficiency by increasing their production and/or reducing their costs;

(b) to improve the present method of fixation of selling price so as to include all elements of cost;

(2) to examine the practicability of creating a reserve fund out of the profits to finance the future development projects of the works;

(3) to report on any other steps required to run the factories efficiently and economically;

(4) to examine and report on the proper strength of staff required for the Salt Controller's Organisation, both at Headquarters and in the Regions; and

(5) to report on the question as to how many of the existing temporary posts in the Salt Controller's Organisation should be made permanent, having due regard to (4) above.

Items 1, 2, & 3 above have been finalised. As regards the remaining the Ministry of Production are actively pursuing the matter in consultation with the Planning Commission.

8

(*iii*) The research laboratories should continue as at present and results of the researches conducted at such institutions should be made available to all salt manufacturers.

(*iv*) Regional Offices intended for supervising the production, etc. of private factories should be closed down. The Watch and Ward Staff employed for private works should also be dispensed with. Private works should be left to make their own arrange-

(*Ministry of Finance D.O. No.* 1-*EC*/53 *dated the 9th January* 1953).

(*i*) & (*ii*)

The Committee has submitted its report. A number of recommendations of the Committee have already been implemented. The others are under examination. It has been decided to run the salt factories departmentally but on commercial lines.

(*Ministry of Production O.M. No. C & G* 4 (5)/54-*BC dated the 29th May,* 1954).

Accepted.

9

The position is that at present a charge of 2 annas per maund is levied on all despatches of salt from licensed factories. In return, the Department supervises the production of these factories, provides common services and also watch and ward staff. The revenue derived during the last three years as also the expendi-

1	2	3
		ments for the protection of their factories.

ture on rendering these services are indicated below :

	Revenue Rs. (lakhs)	*Expenditure* Rs. (lakhs)
1949-50. . . .	32	22
1950-51 . . .	38	22
1951-52 . . .	38	23

It will be observed that even on the present basis the expenditure is less than the charges realised for the purpose and there is, therefore, a net gain to Government. If the services are not rendered, there will be no justification for levying the establishment charges of 2 annas per maund and, therefore, there will be no net saving to Government.

The bulk of the manufacturers are in favour of the present system and it does not appear to be necessary to alter it, as no net economy is effected thereby.

(*Statement laid on the Table on the 8th June*, 1951).

It was decided at the high level inter-Ministerial meeting held on 15th January, 1953, that the following should be the functions of the Salt Department :

(*i*) Quality control.

(*ii*) General development of the Salt Industry (for these two functions, the continuation of licensing was essential).

(*iii*) Financing and running of Research Stations and Model Farms.

(*iv*) Administration of Government salt factories and their improvement and expansion.

(*v*) Realisation of cess.

(*vi*) Arranging for distribution of Salt and liaison with State Government etc.

(*vii*) Bringing about consolidation and realignment of small units on scientific lines and giving technical advice to the manufacturers, and providing common services to licensees as at present.

In order to carry out the above functions properly it was essential that the Regional Offices should continue.

(*Ministry of Production O. M. No. C & G 4(5)/54-BC dated the 29th May, 1954.*)

(v) The existing system of granting licences to manufacturers who use more than 10 acres of land should be abolished and all

The object of granting licences is to keep a control over the quality in production of salt. The Salt Advisory Committee are in favour of the present system which

1	2	3
		manufacture of salt should be allowed without any restrictions whatsoever.

is also in the interests of the production of improved qualities of salt. (*Statement laid on the Table on the 8th June*, 1951).

At a high level meeting held on 15th January, 1953, at which were present representatives of the Ministries of Production, Finance, Natural Resources and Scientific Research, Planning Commission and the Indian Standards Institution, it was decided that it was imperative to maintain control over quality of salt to see that we do not lose our export markets. The Salt Department had taken upon itself to improve the quality of salt. It was also essential to see that the quality of salt meant for internal consumption was improved. There was no reason why the standard of salt meant for consumption in the country should be any worse than that of salt meant for export. Quality control, should, therefore, be a very necessary function of the Salt Department. For this purpose, the present system of licensing was considered to be most suitable, and accordingly, it was decided that the system of licensing should continue.

(*vi*) The 'nominee' system of distribution of salt in States and Districts should be abolished.

(*vii*) The control on the movement of salt from producing areas to consuming areas should be relaxed as the wagon position improves.

(*viii*) Salt Controller's Office at New Delhi should be re-organised as a small Directorate of Salt under the control of the Director-General, Industry and Supply. The Committee suggested for going into the work-

(*Ministry of Production O. M. No. C & G 4(5)/54-BC dated the 29th May*, 1954.)

Accepted. This will be given effect to in all States and Districts wherever the State Governments are agreeable to the abolition of the system.

(*Statement laid on the Table on the 8th June*, 1951.)

All the State Governments concerned, who have been consulted are of the view that the nominee system is working fairly well and should not be abolished. The system is therefore being continued for the present, but steps are being taken to see that the nominees do not create artificial scarcity. (*Statement laid on the Table on the 18th September*, 1951).

Accepted in principle. This will be given effect to as soon as the wagon position shows satisfactory improvement.

(*Statement laid on the Table on the 8th June*, 1951).

The Committee appointed for going into the working of the uneconomic Government factories has also been directed to examine the strength of the staff required for the headquarters organisation.

(*Statement laid on the Table on the 8th June*, 1951).

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		ing of uneconomic Government factories [*vide* item (*ii*) above] should also examine the strength of the staff required for the new Directorate. Subject to the findings of this Committee the new Directorate may be staffed with 3 Officers and about 30 or 35 non-gazetted staff at a cost not exceeding Rs. 2 lakhs.

The Committee is examining the data collected so far, and may later on visit some of the Regional Offices.

(*Statement laid on the Table on the 18th September*, 1951.)

In order to carry out the functions decided upon for the Salt Department it was necessary that the Salt Commissioner's Office at New Delhi should be continued. The question of staff required for the Salt Department was examined by Salt Departmental Committee which considered that there was not much scope for reduction in the staff of the Salt Department. However against the reduction of Rs. 3 lakhs suggested by the Estimates Committee on establishment, the Salt Department has been able to effect a a saving of Rs. 2 lakhs on the expenditure on establishment and Rs. 1 lakh by enforcing further cuts in T. A., contingencies, works, etc. during 1953-54.

All further possible economies are explored.

(*Ministry of Production O. M. No. C & G 4 (5)/54-BC. dated the 29th May*, 1954.)

40. 101 The expenditure on Mandi Salt Mines should be met from the proceeds of the Salt that will be produced from these Mines.

41. 102 Government may expand the existing factories and also explore possibilities of setting up new works on a commercial basis in order to step up production of salt at cheaper rates.

42. 103 Consequent on decontrol of salt expenditure on the maintenance and repairs of buildings, roads etc. should be borne by these factories themselves.

Accepted. (*Statement laid on the Table on the 8th June, 1951.*)

Accepted. (*Statement laid on the Table on the 8th June, 1951.*)

Please see remarks against Serial No. 39(iv). (*Statement laid on the Table on the 8th June, 1951.*)

It was decided at the meeting held on 15th January, 1953 that it would be unwise on the part of Government to ask small manufacturers to make their own arrangements, when they had no resources to do so. Salt is produced in most cases by poor people, who cannot afford to invest large sums of money in its manufacture. For efficient production of salt and to assist these producers, the common services, namely brine channels, roads, platforms etc., within the salt factories should be maintained by the Salt Department. (*Ministry of Production O. M. No. C & G 4(5)/54-BC dated the 29th May, 1954.*)

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45.	108	(*ii*) Government should consider whether in the case of promotions which take place before the period oridinarily stipulated for such promotions, the pay of an officer in his higher appointment should in appropriate cases and where equitable be restricted to certain percentage, say, 125 per cent of the pay of his previous post.

The matters is under examination.
(*Statement laid on the Table on the 8th June*, 1951.)

The matter has been carefully examined and it is agreed in principle that some restrictions are needed. It is necessary for this purpose to examine the methods by which suitable restrictions on immoderate increase of pay consequent on premature promotion may be imposed in such a manner as would not affect detrimentally the efficiency of the administration. The prescription of seniority standards with reference to which any restrictions could be applied has, on examination, been found to be a matter which is not free from practical difficulties in existing conditions. The years during and, after the war and in particular those after the transfer of power have been a period of difficult readjustment to new conditions and schemes of reorganisation have also been in the process of formulation or implementation in respect of many services. In such abnormal conditions, an attempt

The Ministry has been asked to state how in actual practice they ensure that premature promotions are not made. It is not known whether definite rules have been framed prescribing the minimum period a person should serve in a post before being eligible for promotion to a higher post carrying a higher scale of pay, and whether such rules have been framed in respect of each one of the Departments of Government.

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to formulate the standards of seniority which could appropriately be regarded as the normal seniority for different grades of posts, involves certain practical difficulties. There are reasons to believe, however, that conditions are now approaching a state of normalcy. A factual investigation is being made in respect of different services and posts in order to determine the state of the prospects of promotion which prevailed in different grades before, during and after the war, and after the transfer of power, in order that suitable standards of seniority may be laid down as the standards which could appropriately be regarded as the normal standards for consideration for appointment by promotion to different posts or grades in future.

(*Statement laid on the Table on the* 18*th September*, 1951.)

Broadly speaking, the situation which arose after the transfer of power when a number of premature promotions occurred, has practically ceased to exist. In the new cadres and the various service schemes, that are now formulated, care has been taken to avoid premature promotions being made. (*Ministry of Finance D. O. No.* 1-*EC*/53 *dated the* 9*th January*, 1953).

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			The matter is still under consideration A reply will follow as soon as possible. (*Ministry of Home Affairs O. M. No.* 12/1/56-*Ests(A) dated the* 19*th September*, 1956.)	
47	110	(*i*) Persons at whose residences telephones have been installed at Govt. expense should bear 50 per cent of the charges of such telephones.		Please see remarks against S. No. 11. of this Chapter.

BALVANTRAY G. MEHTA,
Chairman,
Estimates Committee.

NEW DELHI;
The 1*st December*, 1956.

APPENDIX I

(Please see Sl. Nos. 1 to 4 of Chapter IV)

No. 1204-BII/51

MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

NEW DELHI, the 31st January, 1951

From

M. V. Rangachari, Esquire,
Joint Secretary to the Government of India.

To

The Secretary to Parliament,
Parliament House,
New Delhi.

Sir,

I am directed to forward herewith for submission to the Estimates Committee the report of the Sub-committee under the chairmanship of Shri Mahavir Tyagi, M.P., set up to consider certain changes in the form of the budget estimates in accordance with the suggestion of the Committee in their first interim report on the estimates of the Industry and Supply Ministry. The report has been accepted by Shri Mahavir Tyagi and Shri B. N. Sen Gupta, the other two Members of the Sub-Committee.

2. As first step towards meeting the wishes of the Committee it is proposed to make the following changes in the civil budget estimates for 1951-52:——

(a) The demands will be arranged by Ministries instead of running serially as now by account heads, each Ministry having a separate section.

(b) The Explanatory Memorandum will be amplified to give fuller explanations than now.

(c) A list of new items of expenditure costing Rs. 5 lakhs and over and included in the budget will be added to the Explanatory Memorandum.

(d) For major industrial or other projects for which provision is made in the budget, for either capital outlay or loans, a self-contained note on the progress of the project and giving background information will be furnished.

(e) For all individual projects costing Rs. 1 crore or over included in the budget a short descriptive note on the project will be given in the Explanatory Memorandum. A similar note will be given whenever the project estimate is revised.

3. With regard to the recommendations in paragraph 2(c) of the Sub-Committee's report, the possibility of distributing the provision for composite demands over the demands of the individual Ministries has been examined and found to be not practicable. The matter will, however, be further examined in connection with the budget for 1952-53. Shri Mahavir Tyagi's suggestion in the concluding portion of paragraph 2(c) will also be examined in consultation with the administrative Ministry concerned in connection with the budget for 1952-53 as with the short time available it has not been possible to do this for the ensuing budget.

Yours faithfully,
Sd/- M. V. RANGACHARI,
Joint Secretary to the Government of India and Member of the Sub-Committee.

Copy, with a copy of the report forwarded to:

1. Shri Mahavir Tyagi, M.P.,
   7-Windsor Place, New Delhi.
2. Shri B. N. Sen Gupta,
   Accountant General, Central Revenues,
   New Delhi.

Sd/-M. V. RANGACHARI.

Report of the Sub-committee appointed by the Estimates Committee to consider certain changes in the form of the Budget Estimates.

The Sub-committee consisting of Shri Mahavir Tyagi, M. P., Chairman, and Messrs. M. V. Rangachari, Joint Secretary, Ministry of Finance and B. N. Sen Gupta, Accountant General, Central Revenues as Members met on the 23rd November, 1950 and 12th December, 1950 to consider the changes in the form of the Budget Estimates suggested by the Estimates Committee, which , for facility of reference, have been summarised in the annexure to this note. This note records the conclusions of the Sub-committee.

2. On the first four suggestions of the main Committee the following conclusions were reached:—

(a) It is not desirable in the interests of Parliamentary control over expenditure to lump the existing demands and bring them under two or three grants for each Ministry.

(b) The grants should however, be rearranged in suitable sections one for each Ministry and a covering statement should be given in each section showing the total expenditure coming under its control. The details now given in a separate publication should be included as a separate section of the relevant demand as was the practice before 1939-40.

(c) The possibility of distributing the provision now included in the composite demands like Miscellaneous Departments, Miscellaneous, Resettlement and Development which concern more

than one Ministry in one or other of the grants relating to the Ministry concerned should be explored.

(d) In view of the special position of the Part C States the Area grants for these States should not be broken up. But the expenditure included in each Area demand which may fall under the administrative control of the Ministries concerned should be included in the summary of the Ministry mentioned in para. (b).

(e) The provision under Civil Works and Stationery and Printing need not be distributed among the Ministries as this will involve decentralisation and inevitable increase in expenditure. But Shri Mahavir Tyagi suggested the possiblility of fixing monetary limits to the amount of printing work that each Ministry and offices subordinate to it could do in the same way as monetary allotments for stationery.

(f) As the bulk of the spending departments are not revenue earning departments and the expenditure is not related to their revenue it is not necessary to show along side the grants of a Ministry the revenue expected from it and the organisations under that Ministry. But detailed explanations for variations in the Estimates of revenue should continue to be given in the Explanatory Memorandum.

(g) A separate Memorandum explaining the variations between the budget and revised estimates and next year's budget is not necessary but the explanations now given in the Explanatory Memorandum should wherever possible be amplified so as to make this more informative. The explanation in regard to each grant should be prefaced by a summary showing total estimates under the following headings:

Budget Estimate (Current).

Revised Estimate.

Budget Estimate (next year).

Ordinary expenditure.

New items.

If in respect of any provision included as new items the proposal has been submitted to the Standing Finance Committee and approved by it this should be mentioned in the explanation with a reference to the date of the meeting in which it was approved.

(h) All new items of expenditure are now shown in thick type in the details of the demands. For this purpose continuing items of temporary expenditure are also treated as new items. This procedure should continue but in addition a statement of new items (exclusive of continuing items of expenditure) and subject to a monetary limit as to provision (say Rs. 5 lakhs) should be added as a new section of the Explanatory Memorandum.¶

3. On the remaining four suggestions of the main Committee, the Sub-Committee reached the following conclusions:—

(a) In support of the provision in the budget for capital outlay on major industrial or other projects (including projects like the Damodar Valley Project under an autonomous corporation) a

self-contained memorandum giving the latest available information in regard to the progress of the project, its scope and the results expected from it should be given so as to furnish background information. Similarly, in regard to loans to or investments in commercial undertakings and firms, full information regarding the purpose of the loan or investment, Government commitments, etc. should be given. The question whether the memoranda recommended in this sub-para should appear in the Explanatory Memorandum on the Budget or the report on the working of the Ministries should be for the Finance Ministry to decide.

(b) As reappropriations are sanctioned by a number of authorities under powers delegated to them and a very large number of such reappropriations are made towards the close of the year after the presentation of the budget it was not practicable to supply a statement of reappropriations, even with a monetary limit, along with the budget. Such a statement will have no meaning unless it is complete and the reasons for the reappropriations are given. A statement of reappropriations covering all the grants and containing explanations will form a very big compilation for which there will be no time to prepare in the rush of the budget work. There is also nothing inherently wrong in reappropriations. Reappropriations do not necessarily indicate any defect in budgeting as the changes necessitating them may be (and very often are) due to developments that take place after the budget has been framed. But where reappropriations indicate defective budgeting the Appropriation Accounts (which are compiled by the Accountants General after obtaining the explanations of the spending authorities for the variations and the reappropriations) will draw attention to this and another Committee of Parliament, *viz.* the Public Accounts Committee will deal with it. So far as Parliament is concerned, the revised estimates which are shown along side with the budget estimate under the sub-heads of each grant will give a broad indication of the changes in the estimated expenditure compared with the original budget.

(c) For all individual projects costing Rs. 1 crore and over a short descriptive account giving particulars of the project should be included in the budget papers. If at a later stage the project estimate is revised, the revision should similarly be explained.

(d) The Committee was unable to make any recommendation regarding the last suggestion of the main Committee. Under present arrangements individual schemes costing Rs. 5 lakhs and over are placed before the Standing Finance Committee for approval and revised estimates of such schemes will similarly go before them. It will merely duplicate the work of the Standing Finance Committee if the Estimates Committee again scrutinise proposals which go before that Committee.

SUGGESTIONS OF THE ESTIMATES COMMITTEE

(1) All the services and supplies for which a Ministry requires money should be accounted for under two or three demands at the most.

(2) The grants should not only indicate the estimated expenditure but also show the estimated revenues that are expected to be earned by or on behalf of that Ministry during that year.

(3) They should also indicate the amounts spent over services and supplies rendered by a particular Ministry to other Ministries and Departments of the Government.

(4) Should compile and circulate along with th e budget papers documents containing (i) the reasons for the variations in the revised estimates of the current year under each sub-head of a Demand for Grant and (ii) details of all new items of Expenditure with details of receipt and expenditure under each such item, incurred during the year.

(5) The budget papers should also include a detailed review of all the State Projects, autonomous bodies and limited companies in which Government has some interest or to which loans have been granted by Government. Such reviews should invariably include reasons for variations between original and revised estimates and the volume of work handled or to be handled by each such project, body, etc. If in respect of such project, etc., regular budget details are not available a token demand should be placed before Parliament.

(6) A statement of reappropriations above a particular sum from one sub-head to another sub-head under a Demand for Grant should also be laid before Parliament each year at the time of presentation of the Budget.

(7) Complete details of the estimated cost of any project, which Government undertake should be placed before Parliament when submitting a demand for its approval, and whenever these estimates are revised, full reasons therefor should be given to enable Parliament to judge for itself why a revision has become necessary.

(8) In addition to placing proposals referred to in para (7) above before Parliament details of all such revised estimates should invariably be placed before the Estimates Committee for a detailed scrutiny on belalf of Parliament. The Ministry concerned should bring such proposals before the Estimates Committee in time for it to examine them in detail and to report to Parliament.

APPENDIX II

STATEMENT OF STAFF IN THE REPARATIONS OFFICE

(Please see S. No. 27, Chapter II)

Peak Strength. (Gazetted)		Present Strength. (Gazetted)	
Development Officer (Tools)	1	Officer on Special Duty	1
Deputy Development Officer	1	Assistant Director (Accounts)	1
Officer on Special Duty	1		
Assistant Director (Accounts)	1		
Assistant Development Officer (Grade II)	1		
Assistant Inspecting Officer	1		
	6		2

APPENDIX III

(Vide *S. No. 44, Chap I*).

THE PRESENT POSITION OF REVIEW OF RATIONALISATION OF WORK IN CERTAIN MINISTRIES OF THE GOVT. OF INDIA

With reference to paragraph 2 of the Second Report of the Estimates Committee (1950-51), the present position of review of rationalisation of work in the Ministries is as stated below:—

2. In paragraphs 40 and 47 of his Report on the Reorganisation of the Machinery of Government, the late Shri Gopalaswami Ayyangar, then Minister for Transport, made recommendations regarding the steps to be taken for reorganising the establishment of the various Ministries. The Cabinet accepted the recommendation for setting up an Administrative Organisation Committee of the Cabinet to deal with the matters mentioned in paragraphs 40 and 47 of that Report and the Ministry of Home Affairs was made responsible for the preparation and implementation of the Reorganisation Schemes and the revision and drawing up of rules and regulations etc. connected therewith. Soon after the above decision was taken, it was decided at the highest level by the Cabinet to regroup and reconstitute certain Ministries. Further regrouping and reconstitution was also done a little later. These changes as well as the constitution of a new Ministry of Irrigation & Power and consequential reallocation of business among the Ministries concerned has already been intimated to the Lok Sabha Secretariat.

3. It may be seen from paragraph 40 as well as the explanatory tables subjoined to paragraph 47 of the Report of the late Shri N. Gopalaswami Ayyangar that what was contemplated was really a revision of the organisational pattern in each Ministry and Department of Government with a view to bringing about a rapid improvement not only in the methods of transaction of Governmental business (administrative and financial) but also in the calibre of personnel required. The objective of the Estimates Committee seems also to have been the same. The process involved a measure of rationalisation also from the point of view of securing economy of personnel as well as of expenditure and the objective generally was to rearrange the internal lay-out of posts in Ministries and Departments on scientific lines. Ultimately the need for reorganisation as above would have to be related to what might be the optimum size of the charge under each Ministry and Department at different levels.

4. The Ministry of Home Affairs have always considered that their part in the reorganisation according to the decision of the Cabinet was confined to examination of the internal organisation of each Ministry and Department with a view to securing maximum administrative efficiency consistent with economy and did not extend to tendering advice on the regrouping and reconstitution of Ministries. That this view is correct is also borne out by the fact that some of the existing Ministries have been split up and subjects re-allocated from one Ministry to another during the last few years without a reference to the Ministry of Home Affairs. For example, the Ministry

of Works, Production & Supply was reconstituted in June 1952 into (1) Ministry of Works, Housing and Supply ("Housing" being transferred thereto from the Ministry of Health), and (2) Ministry of Production; again in January 1955, the Ministries of Home Affairs and States were amalgamated into the Ministry of Home Affairs and, later in the year a new Ministry of Iron and Steel was set up with certain subjects transferred from the Ministries of Production and Commerce and Industry. The subject "Cottage Industries" was transferred from the Ministry of Commerce and Industry to the Ministry of Production. These orders were issued from the highest level, and the fact that it should be so had been recognised in the Ministry of Home Affairs even while the recommendations of Shri Gopalaswami Ayyangar and the steps that should be taken to implement the Cabinet decisions thereon were under consideration. Decisions pertaining to the creation of new Ministries and allocation of subjects as between one Ministry and another are appropriately taken on the advice of Ministers in whose charge the respective Ministries are, and it may not lie strictly within the province of the Ministry of Home Affairs to assume controlling and coordinating jurisdiction with respect to these matters.

5. As regards rationalisation and reorganisation of the internal lay-out of posts in each Ministry or Department, the Special Reorganisation Unit of the Ministries of Finance and Home Affairs which has been in existence for some time now has been entrusted with the task of examining the organisational pattern and assessing the staff requirements of each Ministry and Department and making recommendations for a suitable reorganisation with adequate complement of staff so as to ensure the maximum economy consistent with efficiency. The recommendations made by the Unit have either been accepted for implementation by the Ministries concerned or are still in the stage of consideration. Till now the Unit has examined and made recommendations on the following Ministries and Departments:—

1. Ministry of Food & Agriculture (Food Wing only) and 33 offices under it.
2. Ministry of Irrigation & Power and 2 offices under it.
3. Ministry of Labour and 13 offices under it.
4. Ministry of Communications and 13 offices undet it.
5. Ministry of Transport and 18 offices under it.
6. Ministry of Health and 5 offices under it.
7. Ministry of Works, Housing and Supply and 9 offices under it.
8. Ministry of Commerce and Industry and 13 offices under it.
9. Three offices under the Ministry of N.R. & S.R.
10. Office of the U.P.S.C.
11. Department of Parliamentary Affairs.

The Unit is at present engaged in the preparation of reports of the following Ministries and offices which have been reviewed:——

I. Ministries:

1. Ministry of Law.
2. Ministry of N.R. & S.R.

II, Attached Offices and Subordinate Offices:

[Ministry of C. & I].

3. Office of the Textile Commissioner, Bombay.

[Ministry of N. R. & S. R.]

4. Indian Bureau of Mines.
5. Indian School of Mines & Applied Geology, Dhanbad.

[Ministry of W. H. & S.]

6. Office of the Controller of Printing and Stationery.
7. Subordinate offices of the C.P.W.D.

[Ministry of Production]

8. Coal Commissioner's Office.
9. National Instruments Factory, Calcutta.
10. Salt Commissioner's Organisation (except Madras region).

The Unit is at present engaged in review of the following:—

1. Ministry of Defence (Secretariat.)
2. Communications Division (Ministry of Finance).

6. The Finance Minister in paragraph 51 of his speech introducing the Budget for the year 1956-57 has referred to the appointment of a high level committee which will go into the problem of avoidance of all unnecessary waste in governmental expenditure. It is possible that this high level committee may also go into the question of rationalisation of work in Ministries.

APPENDIX IV

(*Vide* S. Nos. 13—16, Chapter III)

GOVERNMENT OF INDIA

MINISTRY OF WORKS, HOUSING AND SUPPLY

New Delhi;

No. E. III-60(2)/55. *Dated the 15th July,* 1956.

FROM

M. R. Sachdev, I.C.S.,
Secretary to the Government of India.

To

The Director General,
Supplies & Disposals, New Delhi.

SUBJECT : Appointment of a Departmental Committee to determine the strength of staff required for efficient running of the Directorate General of Supplies and Disposals.

Sir,

I am directed to state that, in pursuance of the recommendations of the Stores Purchase Committee, it has been decided to appoint a Departmental Committee to determine the strength of staff required for your Directorate General. The composition and terms of reference of the Committee will be as shown below :—

Composition of the Committee

Chairman . . . Shri S. Ranganathan, I.C.S., Joint Secretary, Ministry of Works, Housing & Supply.

Members— *Ministry of Works, Housing and Supply*

. . . . (1) Shri L. S. Soundara Rajan, I.A.S., Deputy Secretary, Ministry of Works, Housing and Supply.

(2) Shri S. T. Thadani, Deputy Director General (Supplies) Directorate General of Supplies and Disposals.

or

Deputy Director General (Inspection), Directorate General of Supplies and Disposals when the examination of the requirements of the staff for the Inspection Wing is taken up.

Ministry of Finance.

Shri S. N. Ghosh, Deputy Secretary, Ministry of Finance (F. & A. Div., Supply Wing).

Special Re-organisation Unit.

Shri K. V. Venkatachalam, Joint Secretary, Ministry of Finance.

Secretary . . . . Shri J. G. Kumaramangalam, Under Secretary, Ministry of Works, Housing and Supply.

Terms of reference of the Committee

1. To determine the strength of the staff required for the efficient running of the Central Purchase Organisation at all levels, taking into account the work load of the Directorate General of Supplies and Disposals during the last 5 years, probable work during the next five years consequent on expanded developmental activities of Government under the Second Five Year Plan and the implementation of the recommendations of the Stores Purchase Committee since accepted by the Government.

2. To determine the proportion of posts in the Organisation which should be declared permanent.

3. The Committee will have its Headquarters at New Delhi and will submit its report to Government by the end of September, 1956.

Yours faithfully,

M. R. SACHDEV,

Secretary to the Government of India.